

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-3
Registration Statement
Under
The Securities Act of 1933

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.)

2702 Love Field Drive
P.O. Box 36611
Dallas, Texas 75235-1611
214/904-4000

(Address, including zip code, and telephone number, including area code,
of registrant's principal executive offices)

JOHN D. OWEN
Treasurer
Southwest Airlines Co.
2702 Love Field Drive
P.O. Box 36611
Dallas, Texas 75235-1611
214/904-4334

(Name, address, including zip code, and telephone number,
including area code, of agent for service)

Copy to:

Deborah Ackerman
Associate General Counsel
Southwest Airlines Co.
P.O. Box 36611
Dallas, Texas 75235-1611
214/904-4665

Approximate date of commencement of proposed sale to the public: From
time to time, after the effective date of this Registration Statement.

If the only securities being registered on this Form are being offered
pursuant to dividend or interest reinvestment plans, please check the following
box. []

If any of the securities being registered on this Form are to be
offered on a delayed or continuous basis pursuant to Rule 415 under the
Securities Act of 1933, other than securities offered only in connection with
dividend or interest reinvestment plans, check the following box. [X]

CALCULATION OF REGISTRATION FEE

<TABLE> <CAPTION>				

-				
Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per unit	Proposed maximum aggregate offering price*	Amount of registration fee

-				
<S>	<C>	<C>	<C>	<C>
(1) Debt Securities)				
)				
(2) Pass Through)	\$400,000,000**	100%	\$400,000,000	\$137,950
Certificates)				
=====				
</TABLE>				

* Estimated solely for the purpose of calculating the registration fee. The aggregate public offering price of the Debt Securities and Pass Through Certificates registered hereby will not exceed \$400,000,000.

** Plus such additional principal amount as may be necessary such that, if any of these securities are issued with an original issue discount, the principal amount will be increased such that the aggregate proceeds will equal \$400,000,000.

Pursuant to the provisions of Rule 429 under the Securities Act of 1933, one of the prospectuses contained in this Registration Statement also relates to the remaining unsold \$98,050,779 principal amount of Pass Through Certificates previously registered under Registration Statement on Form S-3 (File No. 33-54587).

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

=====

EXPLANATORY NOTE

This Registration Statement consists of two separate Prospectuses, covering Debt Securities and Pass Through Certificates, respectively.

PROSPECTUS

Southwest Airlines Co.

Debt Securities

Southwest Airlines Co. (the "Company") intends to issue from time to time unsecured debt securities (the "Debt Securities") from which the Company will receive up to an aggregate of \$400,000,000 in proceeds and which will be offered on terms determined by market conditions at the time of sale. The Debt Securities may be issued in one or more series with the same or various maturities, at par or with an original issue discount. The specific designation, aggregate principal amount, authorized denominations, offering or purchase price, maturity, rate and time of payment of any interest, any redemption terms or other specific terms and any listing on a securities exchange of the Debt Securities in respect of which this Prospectus is being delivered (the "Offered Debt Securities") are set forth in the accompanying Prospectus Supplement (the "Prospectus Supplement"), together with any other terms of offering of the Offered Debt Securities.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This Prospectus may not be used to consummate sales of the Debt Securities unless accompanied by a Prospectus Supplement.

THE DATE OF THIS PROSPECTUS IS , 1995.
AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934 and in accordance therewith files reports, proxy or information statements and other information with the Securities and Exchange Commission (the "Commission") relating to its business, financial position, results of operations and other matters. Such reports, proxy or information statements and other information can be inspected and copied at the public reference facilities maintained by the Commission at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549 and at certain of its Regional Offices, located at Citicorp Center, 500 West Madison Street, Chicago, Illinois 60661-2511; and Seven World Trade Center, New York, New York 10048. Copies of such material can also be obtained from the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. Such material can also be inspected and copied at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005.

The Company has filed with the Commission a Registration Statement under the Securities Act of 1933 with respect to the Debt Securities offered hereby. This Prospectus does not contain all of the information set forth in such Registration Statement, certain parts of which are omitted in accordance with the rules and regulations of the Commission. Reference is made to such Registration Statement and to the exhibits relating thereto for further information with respect to the Company and the Debt Securities offered hereby.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1994, heretofore filed with the Commission, is incorporated by reference herein and made a part hereof.

In addition, all documents filed by the Company pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 subsequent to the date of this Prospectus and prior to the termination of the offering of the Debt Securities offered hereby shall be deemed incorporated herein by reference and such documents shall be deemed to be a part hereof from the date of filing such documents. Any statement contained herein or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein or in the accompanying Prospectus Supplement modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

THE COMPANY WILL PROVIDE WITHOUT CHARGE TO EACH PERSON TO WHOM THIS PROSPECTUS IS DELIVERED, ON THE WRITTEN OR ORAL REQUEST OF ANY SUCH PERSON, A COPY OF ANY OR ALL OF THE FOREGOING DOCUMENTS INCORPORATED HEREIN BY REFERENCE (OTHER THAN EXHIBITS TO SUCH DOCUMENTS, UNLESS SUCH EXHIBITS ARE SPECIFICALLY INCORPORATED BY REFERENCE INTO THE DOCUMENTS THAT THIS PROSPECTUS INCORPORATES). WRITTEN OR TELEPHONE REQUESTS SHOULD BE DIRECTED TO: SOUTHWEST AIRLINES CO., P.O. BOX 36611, DALLAS, TEXAS 75235, ATTENTION: JOHN D. OWEN, TREASURER (TELEPHONE 214/904-4334).

THE COMPANY

Southwest Airlines Co. ("Southwest" or the "Company") is a major domestic airline which provides single class air transportation characterized by frequent, high quality service at affordable prices. Southwest primarily serves short-haul city pairs, targeting the business commuter as well as leisure travelers.

The Company was incorporated in Texas in 1967. The Company's principal executive offices are located at 2702 Love Field Drive, Dallas, Texas 75235. The Company's mailing address is P.O. Box 36611, Love Field, Dallas, Texas 75235, where its telephone number is 214/904-4000.

RATIOS OF EARNINGS TO FIXED CHARGES

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31,				
	1994	1993	1992	1991	1990
<S>	<C>	<C>	<C>	<C>	<C>
Ratios of Earnings to Fixed Charges	3.28	3.12	2.41	1.51	2.32

The ratios of earnings to fixed charges have been computed using earnings which are the sum of net income, income taxes and fixed charges adjusted to exclude interest capitalized during the period. Fixed charges are interest, whether expensed or capitalized, amortization of debt discount and expense and that portion of rental charges estimated to be representative of an

interest factor.

A statement setting forth the calculation of the ratios of earnings to fixed charges is filed as an exhibit to the Registration Statement of which this Prospectus is a part.

USE OF PROCEEDS

The net proceeds from the sale of the Debt Securities offered hereby will be added to working capital of the Company and will be available for general corporate purposes, including the acquisition of aircraft and related equipment, unless otherwise indicated in the Prospectus Supplement relative to the Offered Debt Securities.

DESCRIPTION OF DEBT SECURITIES

The following description of the terms of the Debt Securities sets forth certain general terms and provisions of the Offered Debt Securities. The particular terms of the Offered Debt Securities and the extent, if any, to which such general provisions may not apply to the Offered Debt Securities are described in the Prospectus Supplement.

The Debt Securities are to be issued under an Indenture (the "Indenture") dated as of _____, 1995 between the Company and _____ (the "Trustee"), as Trustee. The following statements are subject to the detailed provisions of the Indenture, a copy of which is filed as an exhibit to the Registration Statement. Wherever any particular provision of the Indenture or terms defined therein are referred to, such provisions and terms are

3

incorporated by reference as a part of the statements made herein and such statements are qualified in their entirety by such references. Parenthetical references in italic type are to the Indenture.

GENERAL

The Indenture does not limit the amount of Debt Securities that can be issued thereunder. Debt Securities will be issued from time to time and offered on terms determined by market conditions at the time of sale.

The Debt Securities may be issued in one or more series with the same or various maturities at par or at a discount. (Section 2.03) Any Debt Securities bearing no interest or interest at a rate which at the time of issuance is below market rates ("Original Issue Discount Securities") will be sold at a discount (which may be substantial) below their stated principal amount. Federal income tax consequences and other special considerations applicable to any such substantially discounted Debt Securities will be described in the Prospectus Supplement relating thereto.

Reference is made to the Prospectus Supplement for the following terms of the Offered Debt Securities: (i) the designation, aggregate principal amount and authorized denominations of the Offered Debt Securities, (ii) the percentage of their principal amount at which such Offered Debt Securities will be issued; (iii) the date or dates on which the Offered Debt Securities will mature; (iv) the rate per annum, if any, at which the Offered Debt Securities will bear interest, or the method of determining such rate or rates; (v) the times at which any such interest will be payable; (vi) whether such Debt Securities are to be issued in whole or in part in the form of one or more temporary or permanent global securities and, if so, the identity of the depository for such global security or securities; (vii) any redemption terms; and (viii) any other terms and conditions that apply to such Offered Debt Securities. Principal, premium, if any, and interest, if any, will be payable and the Offered Debt Securities will be transferable at the Corporate Trust Office of the Trustee in Dallas, Texas, provided that payment of interest, if any, may be made at the option of the Company by check mailed on or before the payment date, first class mail, to the address of the person entitled thereto as it appears on the registry books of the Company. (Sections 2.03, 3.01)

The Debt Securities will be unsecured and will rank equally and ratably with other unsecured and unsubordinated debt of the Company.

Neither the Indenture nor any of the outstanding senior indebtedness of the Company contains any provisions which would afford holders protection in the event of a highly leveraged or other transaction involving the Company that may adversely affect holders.

The Offered Debt Securities will be issued only in fully registered form without coupons and in denominations of \$1,000 and any multiple thereof, unless otherwise specified in the Prospectus Supplement. No service charge will be made for any transfer or exchange of any Debt Securities but the

Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith. (Sections 2.03, 2.06)

GLOBAL DEBT SECURITIES

The Debt Securities of a series may be issued in whole or in part in the form of one or more fully registered global securities (a "Registered Global Security") that will be deposited with a depositary (the

4

"Depositary") or with a nominee for the Depositary identified in the applicable Prospectus Supplement. In such a case, one or more Registered Global Securities will be issued in a denomination or aggregate denominations equal to the portion of the aggregate principal amount of outstanding Debt Securities of the series to be represented by such Registered Global Security or Securities. Unless and until it is exchanged in whole or in part for Debt Securities in definitive certificated form, a Registered Global Security may not be registered for transfer or exchange except as a whole by the Depositary for such Registered Global Security to a nominee of such Depositary or by a nominee of such Depositary to such Depositary or another nominee of such Depositary or by such Depositary or any such nominee to a successor Depositary for such series or a nominee of such successor Depositary and except in the circumstances described in the applicable Prospectus Supplement. (Section 2.10)

The specific terms of the depositary arrangement with respect to any portion of a series of Debt Securities to be represented by a Registered Global Security will be described in the applicable Prospectus Supplement. The Company expects that the following provisions will apply to depositary arrangements.

Upon the issuance of any Registered Global Security, and the deposit of such Registered Global Security with or on behalf of the Depositary for such Registered Global Security, the Depositary will credit, on its book-entry registration and transfer system, the respective principal amounts of the Debt Securities represented by such Registered Global Security to the accounts of institutions ("participants") that have accounts with the Depositary or its nominee. The Accounts to be credited will be designated by the underwriters or agents engaging in the distribution of such Debt Securities or by the Company, if such Debt Securities are offered and sold directly by the Company. Ownership of beneficial interests in a Registered Global Security will be limited to participants or persons that may hold interests through participants. Ownership of beneficial interests by participants in such Registered Global Security will be shown on, and the transfer of that ownership interest will be effected only through, records maintained by the Depositary for such Registered Global Security or by its nominee. Ownership of beneficial interests in such Registered Global Security by persons that hold through participants will be shown on, and the transfer of that ownership interest within such participant will be effected only through, records maintained by such participant. The laws of some jurisdictions require that certain purchasers of securities take physical delivery of such securities in certificated form. The foregoing limitations and such laws may impair the ability to transfer beneficial interests in such Registered Global Securities.

So long as the Depositary for a Registered Global Security, or its nominee, is the registered owner of such Registered Global Security, such Depositary or such nominee, as the case may be, will be considered the sole owner or holder of the Debt Securities represented by such Registered Global Security for all purposes under the Indenture. Unless otherwise specified in the applicable Prospectus Supplement and except as specified below, owners of beneficial interests in such Registered Global Security will not be entitled to have Debt Securities of the series represented by such Registered Global Security registered in their names, will not receive or be entitled to receive physical delivery of Debt Securities of such series in certificated form and will not be considered the holders thereof for any purposes under the Indenture. (Section 2.10) Accordingly, each person owning a beneficial interest in such Registered Global Security must rely on the procedures of the Depositary and, if such person is not a participant, on the procedures of the participant through which such person owns its interest, to exercise any rights of a holder under the Indenture. The Depositary may grant proxies and otherwise authorize participants to give or take any request, demand, authorization, direction, notice, consent, waiver or other action which a holder is entitled to give or take under the Indenture. The Company understands that, under existing industry practices, if the Company requests any action of holders or an owner of a beneficial interest in such Registered Global Security desires to give any notice or take any action a

holder is entitled to give or take under the Indenture, the Depositary would authorize the participants to give such notice to take such action, and participants would authorize beneficial owners owning through such participants to give such notice or take such action or would otherwise act upon the instructions of beneficial owners owning through them.

Unless otherwise specified in the applicable Prospectus Supplement, payments with respect to principal, premium, if any, and interest, if any, on Debt Securities represented by a Registered Global Security registered in the name of a Depositary or its nominee will be made to such Depositary or its nominee, as the case may be, as the registered owner of such Registered Global Security.

The Company expects that the Depositary for any Debt Securities represented by a Registered Global Security, upon receipt of any payment of principal, premium or interest, will immediately credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of such Registered Global Security as shown on the records of such Depositary. The Company also expects that payments by participants to owners of beneficial interests in such Registered Global Security held through such participants will be governed by standing instructions and customary practices, as is now the case with the securities held for the accounts of customers registered in "street names," and will be the responsibility of such participants. None of the Company, the Trustee or any agent of the Company shall have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests of a Registered Global Security, or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests. (Section 2.10)

Unless otherwise specified in the applicable Prospectus Supplement, if the Depositary for any Debt Securities represented by a Registered Global Security is at any time unwilling or unable to continue as Depositary and a successor Depositary is not appointed by the Company within 90 days, or an Event of Default (or an event which, with the giving of notice or lapse of time would constitute an Event of Default) with respect to the Debt Securities has occurred and is continuing, then the Company will issue such Debt Securities in definitive certificated form in exchange for such Registered Global Security. In addition, the Company may at any time and in its sole discretion determine not to have any of the Debt Securities of a series represented by one or more Registered Global Securities and, in such event, will issue Debt Securities of such series in definitive certificated form in exchange for all of the Registered Global Security or Securities representing such Debt Securities. (Section 2.10)

CONSOLIDATION, MERGER, SALE OR CONVEYANCE

The Indenture provides that the Company may, without the consent of the holders of the Debt Securities, consolidate with, or sell or convey all or substantially all of its properties and assets to, or merge into or with another corporation, provided that in any such case (i) if the Company is not the continuing corporation, the successor corporation shall assume by a supplemental indenture the Company's obligations under the Indenture and (ii) immediately after giving effect to such transaction no Event of Default, and no event which after notice or lapse of time would become an Event of Default, shall have occurred and be continuing. (Section 10.01) In case of any such consolidation, merger, sale or conveyance and upon any such assumption by the successor corporation, such successor corporation shall succeed to and be substituted for the Company as obligor on the Debt Securities, with the same effect as if it had been named in the Indenture as the Company. (Section 10.02)

6

EVENTS OF DEFAULT

The following events are "Events of Default" under the Indenture with respect to Debt Securities of each series: (a) failure with respect to such series to pay principal (including any sinking fund installment) or premium, if any, when due; (b) failure with respect to such series for a period of 30 days to pay interest; (c) failure for a period of 90 days after notice to perform in any material respect any other covenants in respect of such series; (d) default under any instrument under which there may be issued or by which they may be secured or evidenced any indebtedness for money borrowed by the Company (including the Indenture) resulting in the acceleration of such indebtedness in excess of \$50 million, without such indebtedness having been discharged, or such acceleration having been rescinded or annulled, within 10 days after notice; or (e) certain events in bankruptcy, insolvency, or reorganization of the Company. (Section 5.01)

The Indenture provides that if an Event of Default described above occurs and is continuing with respect to any series, either the Trustee or the holders of not less than 25% in aggregate principal amount of the Debt

Securities of such series then outstanding may declare the principal (or, in the case of Original Issue Discount Securities, the portion thereof specified in the terms thereof) of all outstanding Debt Securities of such series and the interest accrued thereon, if any, to be due and payable immediately, but under certain conditions such declarations may be annulled and past defaults (except for a default in the payment of principal of or interest or premium, if any, on such Debt Securities) may be waived by the holders of a majority in aggregate principal amount of the then outstanding Debt Securities of each such series. (Sections 5.01 and 5.06)

Under the Indenture the Trustee must give to the holders of each series of Debt Securities notice of all uncured defaults known to it with respect to such series within 90 days after the occurrence of such a default (the term default to include the events specified above without grace periods); provided that, except in the case of default in the payment of principal of, or interest on, any of the Debt Securities, the Trustee shall be protected in withholding such notice if it in good faith determines that the withholding of such notice is in the interests of the Debt Securityholders of such series. (Section 5.07)

The Company must furnish to the Trustee annually an officer's certificate as to his or her knowledge of the Company's compliance with all of the conditions and covenants under the Indenture. (Section 4.03)

No holder of any Debt Securities of any series may institute any legal action unless he shall have given the Trustee written notice of default and unless (i) the holders of not less than 25% in aggregate principal amount of the Debt Securities of such series then outstanding shall have requested the Trustee to act, (ii) such holders shall have offered the Trustee such reasonable indemnity as the Trustee may require, (iii) the Trustee shall have failed to institute an action for 60 days thereafter and (iv) no inconsistent direction shall have been given to the Trustee by the holders of a majority in aggregate principal amount of Debt Securities of all series affected (voting as one class). (Section 5.04)

The holders of a majority in aggregate principal amount of the Debt Securities of any or all series affected and then outstanding (voting as one class) will have the right, subject to certain limitations, to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee. (Section 5.06) The Indenture provides that in case an Event of Default shall occur (which shall not have been cured or waived), the Trustee in exercising its rights and powers under the Indenture, will be required to use the degree of care of a

7

prudent man in the conduct of his own affairs. (Section 6.01) Subject to such provisions, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any of the Debt Securityholders unless they shall have offered to the Trustee reasonable security or indemnity. (Section 6.02)

MODIFICATION OF THE INDENTURE

The Company and the Trustee, with the consent of the holders of not less than 66 2/3% in aggregate principal amount of the Debt Securities of all series then outstanding and affected (voting as one class), may add any provisions to, or change in any manner or eliminate any of the provisions of, the Indenture or modify in any manner the rights of the holders of the Debt Securities of each such series; but no such modification may be made which would (a) extend the fixed maturity of the Debt Securities or reduce the principal amount thereof or reduce the rate or extend the time of payment of interest, if any, thereon, or reduce any amount payable on redemption thereof or reduce the amount of the principal of an Original Issue Discount Security that would be due and payable upon an acceleration of the maturity thereof pursuant to Section 5.01, or impair or affect the right of any Debt Securityholder to institute suit for the payment thereof or the right of repayment, if any, at the option of the Debt Securityholder, without the consent of the holder of each Debt Security so affected; or (b) reduce the percentage of aggregate principal amount of Debt Securities of any series, or of all series (voting as one class), as the case may be, the consent of the holders of which is required for any such modification without the consent of the holders of all Debt Securities of each such series so affected. (Section 9.02)

DEFEASANCE

If the terms of any series of Debt Securities so provide, the Company shall be deemed to have paid and discharged the entire indebtedness on all outstanding Debt Securities of such series by depositing with the Trustee (i) as trust funds in trust an amount sufficient to pay and discharge the entire

indebtedness on all Debt Securities of such series for principal and interest, or (ii) as obligations in trust such amount of direct obligations of, or obligations the principal of and interest on which are fully guaranteed by, the United States of America as will, together with the income to accrue thereon without consideration of any reinvestment thereof, be sufficient to pay and discharge the entire indebtedness on all such Debt Securities for principal and interest. Such a trust may be established only if, among other things, the Company has received from, or there has been published by, the Internal Revenue Service a ruling to the effect that holders of such Debt Securities will not recognize income, gain or loss for federal income tax purposes as a result of such deposit, defeasance and discharge and will be subject to federal income tax on the same amounts and in the same manner and at the same times as would have been the case if such deposit, defeasance and discharge had not occurred. (Section 11.05) In the event of any such defeasance, the holders of such Debt Securities would thereafter be able to look only to such trust fund for payment of principal, premium, if any, and interest.

CONCERNING THE TRUSTEE

The Trustee under the Indenture is .

The Indenture contains certain limitations on the right of the Trustee, should it become a creditor of the Company, to obtain payment of claims in certain cases, or to realize for its own account on certain property received in respect of any such claim as security or otherwise. (Section 6.13) The Trustee will

8

be permitted to engage in certain other transactions; however, if it acquires any conflicting interest (as described in the Indenture) it must eliminate such conflict or resign. (Section 6.08)

PLAN OF DISTRIBUTION

The Company may sell the Debt Securities in any of three ways: (i) through underwriters or dealers; (ii) directly to a limited number of institutional purchasers or to a single purchaser; or (iii) through agents. Any such underwriter, dealer or agent may be deemed to be an underwriter within the meaning of the Securities Act of 1933. The Prospectus Supplement relative to the Offered Debt Securities sets forth the terms of the offering of the Offered Debt Securities, including the name or names of any underwriters, the purchase price of the Offered Debt Securities and the proceeds to the Company from such sale, any underwriting discounts, commissions, and other items constituting underwriters' compensation, any initial public offering price and any discounts or concessions allowed or reallocated or paid to dealers and any securities exchanges on which the Offered Debt Securities may be listed.

If underwriters are used in the sale, the Debt Securities will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, at a fixed price or prices, which may be changed, or at market prices prevailing at the time of sale, or at prices related to such prevailing market price, or at negotiated prices. The Debt Securities may be offered to the public either through underwriting syndicates represented by managing underwriters or directly by the managing underwriters. Unless otherwise set forth in the Prospectus Supplement, the obligations of the underwriters to purchase the Offered Debt Securities will be subject to certain conditions precedent and the underwriters will be obligated to purchase all the Offered Debt Securities if any are purchased. Any initial public offering price and any discounts or concessions allowed or reallocated or paid to dealers may be changed from time to time.

Offered Debt Securities may be sold directly by the Company or through agents designated by the Company from time to time. Any agent involved in the offer or sale of the Offered Debt Securities in respect of which this Prospectus is delivered will be named, and any commissions payable by the Company to such agent will be set forth, in the Prospectus Supplement. Unless otherwise indicated in the Prospectus Supplement, any such agent will be acting on a best efforts basis for the period of its appointment.

If so indicated in the Prospectus Supplement, the Company will authorize dealers acting as the Company's agents to solicit offers by certain institutions to purchase Offered Debt Securities from the Company at the public offering price set forth in the Prospectus Supplement pursuant to Delayed Delivery Contracts ("Contracts") providing for a payment and delivery on the date stated in the Prospectus Supplement. Each Contract will be for an amount not less than, and the aggregate principal amount of Offered Debt Securities sold pursuant to Contract shall be not more than, the respective amounts stated in the Prospectus Supplement. Institutions with whom Contracts, when authorized, may be made include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable

institutions, and other institutions but shall in all cases be subject to the approval of the Company. Contracts will not be subject to any conditions except (i) the purchase by an institution of the Offered Debt Securities covered by its Contract shall not at the time of delivery be prohibited under the laws of any jurisdiction in the United States to which such institution is subject, and (ii) if the Offered Debt Securities are being sold to underwriters, the Company shall have sold to such underwriters the total principal amount of the Offered Debt Securities less the principal amount thereof covered by Contracts.

9

Agents and underwriters may be entitled under agreements entered into with the Company to indemnification by the Company against certain civil liabilities, including liabilities under the Securities Act of 1933, or to contribution by the Company to payments they may be required to make in respect thereof. Agents and underwriters may be customers of, engage in transactions with, or perform services for, the Company in the ordinary course of business.

LEGAL OPINIONS

The validity of any series of Debt Securities will be passed upon for the Company by Deborah Ackerman, Associate General Counsel of the Company, and for any agents, dealers or underwriters by the firm designated in the Prospectus Supplement applicable to such series.

EXPERTS

The consolidated financial statements of Southwest Airlines Co. appearing in the Southwest Airlines Co. Annual Report (Form 10-K) for the year ended December 31, 1994, have been audited by Ernst & Young LLP, independent auditors, as set forth in their report thereon included therein and incorporated herein by reference. Such consolidated financial statements have been incorporated herein by reference in reliance upon such report given upon the authority of such firm as experts in accounting and auditing.

10

(Back Cover)

No dealer, salesman or any other person has been authorized to give any information or to make any representation with respect to this offering, other than those contained or incorporated by reference in this Prospectus or in any Prospectus Supplement, and, if given or made, such other information or representation must not be relied upon as having been authorized by the Company or any underwriter, dealer or agent. This Prospectus and any Prospectus Supplement do not constitute an offer to sell or a solicitation of an offer to buy any Debt Securities in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction.

Neither the delivery of this Prospectus or any Prospectus Supplement nor any sale made hereunder shall, under any circumstances, create an implication that there has been no change in the affairs of the Company since the date hereof or thereof or that the information contained or incorporated by reference herein or therein is correct as of any time subsequent to this date.

TABLE OF CONTENTS

<TABLE>
<CAPTION>

	Page

<S>	<C>
Available Information	2
Incorporation of Certain Documents by Reference	2
The Company	3
Ratios of Earnings to Fixed Charges	3
Use of Proceeds	3
Description of Debt Securities	3
Plan of Distribution	9
Legal Opinions	10
Experts	10

</TABLE>

Debt Securities

PROSPECTUS

PROSPECTUS

SOUTHWEST AIRLINES CO.
PASS THROUGH CERTIFICATES

Up to \$498,050,779 aggregate principal amount of Pass Through Certificates (the "Certificates") may be offered for sale from time to time pursuant to this Prospectus and related Prospectus Supplements. Certificates may be issued in one or more series in amounts, at prices and on terms to be determined at the time of the offering. In respect of each offering of Certificates, a separate Southwest Airlines Pass Through Trust for each series of Certificates being offered (each, a "Trust") will be formed pursuant to the Pass Through Trust Agreement (the "Basic Agreement") and the supplement thereto (a "Trust Supplement") relating to such Trust between Southwest Airlines Co. ("Southwest" or the "Company") and Wilmington Trust Company (the "Trustee"), as trustee under each Trust. Each Certificate in a series will represent a fractional undivided interest in the related Trust and will have no rights, benefits or interest in respect of any other Trust. The property of each Trust will include equipment notes (the "Equipment Notes") (a) issued, with recourse to Southwest, by Southwest to finance all or a portion of the equipment cost of, or to purchase all or a portion of the outstanding debt with respect to, aircraft, including engines, which have been or will be purchased by Southwest (each, an "Owned Aircraft") or (b) issued on a nonrecourse basis by one or more owner trustees pursuant to separate leveraged lease transactions to finance or refinance a portion of the equipment cost of, aircraft, including engines, which have been or will be leased to Southwest (each, a "Leased Aircraft" and together with the Owned Aircraft, the "Aircraft"). The Prospectus Supplement relating to each offering of Certificates will describe certain terms of the Certificates being offered, the Trust or Trusts relating thereto, the Equipment Notes to be purchased by such Trust or Trusts, the Aircraft relating to such Equipment Notes and the leveraged lease transactions, if any, relating thereto.

The Equipment Notes issued in respect of the Leased Aircraft will not be direct obligations of, or guaranteed by, Southwest, but the amounts unconditionally payable by Southwest for the lease of such Aircraft will be sufficient to pay in full when due all payments required to be made on such Equipment Notes. The Equipment Notes issued in respect of the Owned Aircraft will be direct obligations of Southwest.

Equipment Notes may be issued in respect of an Aircraft in one or more series, each series having a different interest rate and final maturity date. A separate Trust will purchase one or more series of the Equipment Notes issued with respect to each of one or more Aircraft. All of the Equipment Notes held in such Trust will have an interest rate equal to the interest rate applicable to the Certificates issued by such Trust and maturity dates occurring on or before the final distribution date applicable to such Certificates. The Equipment Notes issued with respect to each Aircraft will be secured by a security interest in such Aircraft and, in the case of the Leased Aircraft, in the lease relating thereto, including the right to receive rentals payable in respect of such Aircraft by Southwest.

Interest paid on the Equipment Notes held in each Trust will be passed through to the holders of the Certificates relating to such Trust on the dates and at the rate per annum set forth in the Prospectus Supplement relating to such Certificates until the final distribution date for such Trust. Principal paid on the Equipment Notes held in each Trust will be passed through to the holders of the Certificates relating to such Trust in scheduled amounts on the dates set forth in the Prospectus Supplement relating to such Certificates until the final distribution date for such Trust.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED
BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY
STATE SECURITIES COMMISSION NOR HAS THE SECURITIES
AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION
PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS.
ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The Certificates may be sold to or through underwriters, through dealers or agents or directly to purchasers. See "Plan of Distribution." The accompanying Prospectus Supplement sets forth the names of any underwriters, dealers or agents involved in the sale of the Certificates in respect of which this Prospectus is being delivered and any applicable fee, commission or discount arrangements with them. See "Plan of Distribution" for information concerning secondary trading of the Certificates.

This Prospectus may not be used to consummate sales of Certificates unless accompanied by a Prospectus Supplement.

The date of this Prospectus is _____, 1995.
AVAILABLE INFORMATION

Southwest is subject to the information requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports and other information with the Securities and Exchange Commission (the "Commission"). Such reports and other information concerning Southwest may be inspected and copied at the public reference facilities maintained by the Commission at Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549, Room 1024; Citicorp Center, 500 West Madison Street, Chicago, Illinois 60661-2511; and Seven World Trade Center, New York, New York 10048. Copies of such material can be obtained from the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. Such material can also be inspected and copied at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005.

This Prospectus constitutes a part of two registration statements on Form S-3 filed by Southwest with the Commission under the Securities Act of 1933, as amended (the "Securities Act"). This Prospectus does not contain all of the information included in the Registration Statements, certain parts of which are omitted in accordance with the rules and regulations of the Commission. Reference is made to such Registration Statements and to the exhibits relating thereto for further information with respect to Southwest and the securities offered hereby.

REPORTS TO CERTIFICATEHOLDERS BY THE TRUSTEE

Wilmington Trust Company, as Trustee for the holders of the Certificates, will provide to such holders certain periodic statements concerning distributions made with respect to each Trust. See "Description of the Certificates -- Statements to Certificateholders."

DOCUMENTS INCORPORATED BY REFERENCE

The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1994 heretofore filed with the Commission, is incorporated by reference herein and made a part hereof.

In addition, all documents filed by Southwest pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of this Prospectus and prior to the termination of the offering of, or deregistration of, the Certificates offered hereby shall be deemed to be incorporated by reference in this Prospectus and to be a part hereof from the date of filing of such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified and superseded, to constitute a part of this Prospectus.

Southwest will provide without charge to each person to whom this Prospectus is delivered, upon the request of such person, a copy of any or all of the documents relating to Southwest incorporated herein by reference (other than exhibits unless such exhibits are specifically incorporated by reference into such documents). Written requests for such documents should be directed to: Southwest Airlines Co., P. O. Box 36611, Dallas, Texas 75235, Attention: John D. Owen, Treasurer (Telephone: 214/904-4334).

GLOSSARY

Included at the end of this Prospectus as Appendix I is a Glossary of certain of the significant defined terms used herein.

THE COMPANY

Southwest is a major domestic airline which provides single class air transportation characterized by frequent, high quality service at affordable prices. Southwest primarily services short-haul city pairs, targeting the business commuter as well as leisure travelers.

The Company was incorporated in Texas in 1967. Southwest's principal

executive offices are located at 2702 Love Field Drive, Dallas, Texas 75235. The Company's mailing address is P.O. Box 36611, Love Field, Dallas, Texas 75235, where its telephone number is 214/904-4000.

RATIOS OF EARNINGS TO FIXED CHARGES

<TABLE>

<CAPTION>

	YEAR ENDED DECEMBER 31,				
	1994	1993	1992	1991	1990
	----	----	----	----	----
<S>	<C>	<C>	<C>	<C>	<C>
Ratios of Earnings to Fixed Charges	3.28	3.12	2.41	1.51	2.32

</TABLE>

The ratios of earnings to fixed charges have been computed using earnings which are the sum of net income, income taxes and fixed charges adjusted to exclude interest capitalized during the period. Fixed charges are interest, whether expensed or capitalized, amortization of debt discount and expense and that portion of rental charges estimated to be representative of an interest factor.

A statement setting forth the calculation of the ratios of earnings to fixed charges is filed as an exhibit to the Registration Statement of which this Prospectus is a part.

FORMATION OF THE TRUSTS

In respect of each offering of Certificates, one or more Trusts will be formed, and the related Certificates will be issued, pursuant to separate Trust Supplements to be entered into between the Trustee and Southwest in accordance with the terms of the Basic Agreement. All Certificates with respect to each Trust will represent fractional undivided interests in such Trust and the property held in such Trust, and will have no rights, benefits or interest in respect of any other Trust or the property held therein. Concurrently with the execution and delivery of each Trust Supplement, the Trustee, on behalf of the Trust formed thereby, will enter into one or more financing, refinancing or purchase agreements (each such agreement being herein referred to as a "Note Purchase Agreement") relating to one or more Aircraft described in the applicable Prospectus Supplement. Pursuant to the applicable Note Purchase Agreement or Note Purchase Agreements, the Trustee, on behalf of such Trust, will purchase the Equipment Notes issued with respect to such Aircraft so that all of the Equipment Notes held in such Trust will have an interest rate equal to the interest rate applicable to the Certificates issued by such Trust. The maturity dates of the Equipment Notes acquired by each Trust will occur on or before the final distribution date applicable to the Certificates issued with respect to such Trust. The Trustee will distribute the amount of payments of principal, premium, if any, and interest received by it as holder of the Equipment Notes to the Certificateholders of the Certificates with respect to the Trust in which such Equipment Notes are held. See "Description of the Certificates" and "Description of the Equipment Notes."

3

USE OF PROCEEDS

As more fully described in the applicable Prospectus Supplement, the Certificates will be issued in order to facilitate the financing of all or a portion of the equipment cost of Owned Aircraft described in such Prospectus Supplement or the financing or refinancing of all or a portion of the debt component of one or more separate leveraged lease transactions entered into by Southwest, as lessee, with respect to Leased Aircraft described therein. The proceeds from the sale of such Certificates will be used by the Trustee on behalf of the applicable Trust or Trusts to purchase, at par, the Owned Aircraft Notes issued by Southwest to finance all or a portion of the equipment cost of Owned Aircraft purchased or to be purchased by Southwest or Leased Aircraft Notes issued by the respective Owner Trustee or Owner Trustees to finance or refinance all or a portion of the equipment cost of such Leased Aircraft. Simultaneously with the acquisition of each such Leased Aircraft, the respective Owner Trustee leased or will lease such Leased Aircraft to Southwest. Any portion of the proceeds from the sale of Certificates not used by the Trustee to purchase Equipment Notes on or prior to the date specified therefor in the applicable Prospectus Supplement will be distributed on a Special Distribution Date to the applicable Certificateholders, together with interest, but without premium. See "Description of the Certificates -- Special Distribution Upon Unavailability of Aircraft."

The Equipment Notes with respect to each Aircraft will be issued under a separate Trust Indenture and Security Agreement (each, an "Indenture") between a bank or trust company as trustee thereunder (each, a "Loan Trustee")

and (a) with respect to the Owned Aircraft, Southwest or (b) with respect to the Leased Aircraft, an owner trustee, not in its individual capacity (except as expressly set forth therein) but solely as trustee (each, an "Owner Trustee"), of a separate trust for the benefit of one or more institutional or corporate investors (each, an "Owner Participant"). In the case of Leased Aircraft, each Owner Participant will provide, from sources other than the Equipment Notes, at least 20% of the equipment cost of the related Aircraft. No Owner Participant, however, will be personally liable for any amount payable under the related Indenture or the Leased Aircraft Notes issued thereunder.

DESCRIPTION OF THE CERTIFICATES

In connection with each offering of Certificates, one or more separate trusts will be formed, and one or more series of Certificates will be issued, pursuant to the Basic Agreement and one or more separate Trust Supplements to be entered into between Southwest and the Trustee. The following summary relates to the Basic Agreement and each of the Trust Supplements, the Trusts to be formed thereby and the Certificates to be issued by each Trust except to the extent, if any, described in the applicable Prospectus Supplement. Citations to the relevant sections of the Basic Agreement appear below in parentheses unless otherwise indicated. The statements under this caption are a summary and do not purport to be complete. The summary makes use of terms defined in and is qualified in its entirety by reference to all of the provisions of the Basic Agreement, the form of which has been filed as an exhibit to the Registration Statement of which this Prospectus is a part. The Trust Supplement relating to each series of Certificates and the forms of the Leases, if any, Note Purchase Agreements and Indentures relating thereto will be filed as exhibits to a report by Southwest on Form 8-K, 10-Q, or 10-K, as applicable, to be filed with the Commission following the issuance of such series of Certificates.

4

GENERAL

Each Certificate will represent a fractional undivided interest in the separate Trust created by the Trust Supplement pursuant to which such Certificate is issued. The property of each Trust will include the Equipment Notes held in such Trust, all monies at any time paid thereon and all monies due and to become due thereunder and funds from time to time deposited with the Trustee in accounts relating to such Trust. Each Certificate will represent a pro rata share of the outstanding principal amount of the Equipment Notes and other property held in the related Trust and will be issued in minimum denominations of \$1,000 or any integral multiple of \$1,000. (Sections 2.01 and 3.01)

Except as otherwise provided in the applicable Trust Supplement, Certificates will be registered in the name of Cede & Co. ("Cede") as the nominee of The Depository Trust Company ("DTC") and no person acquiring an interest in Certificates ("Certificate Owner") will be entitled to receive a certificate representing such person's interest in the related Trust unless "Definitive Certificates" are issued as described below. Unless Definitive Certificates are issued, all references to actions by Certificateholders shall refer to actions taken by DTC upon instructions from DTC Participants (as defined below), and all references herein to distributions, notices, reports and statements to Certificateholders shall refer, as the case may be, to distributions, notices, reports and statements to DTC or Cede, as the registered holder of the Certificates, or to DTC Participants for distribution to Certificate Owners in accordance with DTC procedures. See "Description of the Certificates -- Book-Entry Registration." (Section 3.09)

Interest will be passed through to Certificateholders of each Trust at the rate per annum set forth on the cover page of the applicable Prospectus Supplement and will be calculated on the basis of a 360-day year of twelve 30-day months.

The Certificates of each series represent interests only in the related Trust and all payments and distributions shall be made only from the related Trust Property. (Section 3.08) The Certificates do not represent an interest in or obligation of Southwest, the Trustee, any of the Loan Trustees or Owner Trustees in their individual capacities, any Owner Participant, or any affiliate of any thereof.

The Basic Agreement does not and, except as otherwise described in the applicable Prospectus Supplement, the Indentures will not, include financial covenants or "event risk" provisions specifically designed to afford Certificateholders protection in the event of a highly leveraged transaction affecting Southwest. However, the Certificateholders of each series will have the benefit of a lien on the specific Aircraft securing the related Equipment Notes held in the related Trust, as discussed under the caption "Description of the Equipment Notes -- Security."

BOOK-ENTRY REGISTRATION

The Certificates of each Trust will be issued in fully registered form only and, except as otherwise described in the applicable Prospectus Supplement, Certificates will be subject to the provisions described under this caption for book-entry registration with DTC.

DTC has advised Southwest that it is a limited purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to Section 17A of the Exchange Act. DTC was created to hold securities for its participants ("DTC Participants") and to facilitate the clearance and settlement of securities transactions between DTC

5

Participants through electronic book-entries, thereby eliminating the need for physical movement of certificates. DTC Participants include securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to the DTC system also is available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC Participant either directly or indirectly ("Indirect Participants").

Certificate Owners that are not DTC Participants or Indirect Participants but desire to purchase, sell or otherwise transfer ownership of, or other interests in, Certificates may do so only through DTC Participants and Indirect Participants. In addition, Certificate Owners will receive all distributions of principal and interest from the Trustee through DTC Participants or Indirect Participants, as the case may be. Under a book-entry format, Certificate Owners may experience some delay in their receipt of payments, since such payments will be forwarded by the Trustee to Cede, as nominee for DTC. DTC will forward such payments to DTC Participants, which thereafter will forward them to Indirect Participants or Certificate Owners, as the case may be, in accordance with customary industry practices. The forwarding of such distributions to the Certificate Owners will be the responsibility of such DTC Participants. The only "Certificateholder" will be Cede, as nominee of DTC. Certificate Owners will not be recognized by the Trustee as Certificateholders, as such term is used in the Basic Agreement, and Certificate Owners will be permitted to exercise the rights of Certificateholders only indirectly through DTC and DTC Participants.

Under the rules, regulations and procedures creating and affecting DTC and its operations (the "Rules"), DTC is required to make book-entry transfers of Certificates among DTC Participants on whose behalf it acts with respect to the Certificates and to receive and transmit distributions of principal of, premium, if any, and interest on the Certificates. DTC Participants and Indirect Participants with which Certificate Owners have accounts with respect to the Certificates similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Certificate Owners. Accordingly, although Certificate Owners will not possess Certificates, the Rules provide a mechanism by which Certificate Owners will receive payments and will be able to transfer their interests.

Because DTC can only act on behalf of DTC Participants, who in turn act on behalf of Indirect Participants, the ability of a Certificate Owner to pledge Certificates to persons or entities that do not participate in the DTC system, or to otherwise act with respect to such Certificates, may be limited due to the lack of a physical certificate for such Certificates.

DTC has advised Southwest that it will take any action permitted to be taken by Certificateholders only at the direction of one or more DTC Participants to whose accounts with DTC the Certificates are credited. Additionally, DTC has advised Southwest that it will take such actions with respect to any percentage of the beneficial interest of Certificateholders held in each Trust only at the direction of and on behalf of DTC Participants whose holders include undivided interests that satisfy any such percentage. DTC may take conflicting actions with respect to other undivided interests to the extent that such actions are taken on behalf of DTC Participants whose holders include such undivided interests.

Neither Southwest nor the Trustee will have any liability for any aspect of the records relating to or payments made on account of beneficial ownership interest of the Certificate held by Cede, as nominee for DTC, or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

With respect to each Trust, the related Certificates will be issued in fully registered, certificated form ("Definitive Certificates") to Certificate Owners or their nominees, rather than to DTC or its nominee, only if (i) Southwest advises the Trustee in writing that DTC is no longer willing or able to discharge properly its responsibilities as depository with respect to such Certificates and Southwest is unable to locate a qualified successor, (ii) Southwest, at its option, elects to terminate the book-entry system through DTC or (iii) after the occurrence of an Event of Default, Certificate Owners representing an aggregate percentage interest in such Trust of not less than a majority advise the Trustee, Southwest and DTC through DTC Participants in writing that the continuation of a book-entry system through DTC (or a successor thereto) is no longer in the Certificate Owners' best interest. (Section 3.09)

Upon the occurrence of any event described in the immediately preceding paragraph, the Trustee will be required to notify all affected Certificate Owners through DTC Participants of the availability of Definitive Certificates. Upon surrender by DTC of the Certificates and receipt of instructions for reregistration, the Trustee will reissue the Certificates as Definitive Certificates to Certificate Owners. (Section 3.09)

Distributions of principal of, premium, if any, and interest on the Certificates will thereafter be made by the Trustee in accordance with the procedures set forth in the Basic Agreement and the applicable Trust Supplements, directly to holders of Definitive Certificates in whose names such Definitive Certificates were registered at the close of business on the Record Date. Such distributions will be made by check mailed to the address of each such holder as it appears on the register maintained with respect to the applicable Trust. The final payment on any Certificate, however, will be made only upon presentation and surrender of such Certificate at the office or agency specified in the notice of final distribution to Certificateholders. (Sections 4.02 and 11.01)

Definitive Certificates will be freely transferable and exchangeable at the office of the Trustee upon compliance with the requirements set forth in the Basic Agreement and the applicable Trust Supplements. No service charge will be imposed for any registration of transfer or exchange, but payment of a sum sufficient to cover any tax or other governmental charge will be required. (Section 3.04)

All payments made by Southwest to the Loan Trustees under the Leases or Owned Aircraft Notes, as the case may be, will be in immediately available funds and will be passed through to DTC in immediately available funds.

Secondary trading in long-term notes and debentures of corporate issuers is generally settled in clearing-house or next-day funds. In contrast, the Certificates will trade in DTC's Same Day Funds Settlement System until maturity, and secondary market trading activity in the Certificates will therefore be required by DTC to settle in immediately available funds. No assurance can be given as to the effect, if any, of settlement in immediately available funds on trading activity in the Certificates.

PAYMENTS AND DISTRIBUTIONS

Payments of principal of, premium, if any, and interest on the Equipment Notes held in each Trust received by the Trustee will be distributed by the Trustee to the Certificateholders of such Trust on the date such receipt is confirmed, except in certain cases when some or all of such Equipment Notes

7

are in default. See "Description of the Certificates -- Events of Default and Certain Rights Upon an Event of Default".

Payments of principal of, and interest on the unpaid principal amount of, the Equipment Notes held in each Trust will be scheduled to be received by the Trustee on the dates specified in the applicable Prospectus Supplement (such scheduled payments of principal of, and interest on, the Equipment Notes are herein referred to as "Scheduled Payments," and the dates specified therefor in the applicable Prospectus Supplement are herein referred to as "Regular Distribution Dates"). Each Certificateholder of each Trust will be entitled to receive a pro rata share of any distribution in respect of Scheduled Payments of principal and interest made on the Equipment Notes held in such Trust.

Payments of principal, premium, if any, and interest received by the Trustee on account of the early redemption, if any, of the Equipment Notes relating to one or more Aircraft held in a Trust, and payments received by the Trustee following a default in respect of the Equipment Notes relating to one or more Aircraft held in a Trust ("Special Payments") will be distributed on the dates determined pursuant to the applicable Prospectus Supplement (a

"Special Distribution Date"). The Trustee will mail notice to the Certificateholders of record of any Trust not less than 20 days prior to the Special Distribution Date on which any Special Payment is scheduled to be distributed by the Trustee stating such anticipated Special Distribution Date. (Section 4.02)

POOL FACTORS

Unless there has been an early redemption or purchase, or a default in the payment of principal or interest, in respect of one or more issues of the Equipment Notes held in a Trust, as described in the applicable Prospectus Supplement or below in "Description of the Certificates -- Events of Default and Certain Rights Upon an Event of Default", the Pool Factor for such Trusts will decline in proportion to the scheduled repayments of principal on the Equipment Notes held in such Trust as described in the applicable Prospectus Supplement. In the event of such redemption, purchase or default, the Pool Factor and the Pool Balance of each Trust so affected will be recomputed after giving effect thereto and notice thereof will be mailed to Certificateholders of such Trust. Each Trust will have a separate Pool Factor.

The Pool Factor for each Trust will initially be 1.0000000; thereafter, the Pool Factor for each Trust will decline as described above to reflect reductions in the Pool Balance of such Trust. The amount of a Certificateholder's pro rata share of the Pool Balance of a Trust can be determined by multiplying the original denomination of the Certificateholder's Certificate of such Trust by the Pool Factor for such Trust as of the applicable Regular Distribution Date or Special Distribution Date. The Pool Factor and the Pool Balance for each Trust will be mailed to Certificateholders of record of such Trust on each Regular Distribution Date and Special Distribution Date. (Section 4.03(a))

STATEMENTS TO CERTIFICATEHOLDERS

On each Regular Distribution Date and Special Distribution Date, the Trustee will include with each distribution of a Scheduled Payment or Special Payment to Certificateholders of record of the related Trust a statement, giving effect to such distribution to be made on such Regular Distribution Date or Special Distribution Date, setting forth the following information (per \$1,000 in aggregate principal amount of Certificates for such Trust, as to (i) and (ii) below):

8

(i) the amount of such distribution allocable to principal and the amount allocable to premium, if any;

(ii) the amount of such distribution allocable to interest; and

(iii) the Pool Balance and the Pool Factor for such Trust. (Section 4.03(a))

So long as the Certificates are registered in the name of Cede, as nominee for DTC, on the Record Date prior to each Regular Distribution Date and Special Distribution Date, the Trustee will request from DTC a Securities Position Listing setting forth the names of all DTC Participants reflected on DTC's books as holding interests in the Certificates of such Trust on such Record Date. On each Regular Distribution Date and Special Distribution Date, the Trustee will mail to each such DTC Participant the statement described above, and will make available additional copies as requested by such DTC Participant, to be available for forwarding to Certificate Owners. (Sections 3.09 and 4.03(a))

In addition, after the end of each calendar year, the Trustee will prepare for each Certificateholder of record of each Trust at any time during the preceding calendar year a report containing the sum of the amounts determined pursuant to clauses (i) and (ii) above with respect to the Trust for such calendar year or, in the event such person was a Certificateholder of record during a portion of such calendar year for the applicable portion of such calendar year, and such other items as are readily available to the Trustee and which a Certificateholder shall reasonably request as necessary for the purpose of such Certificateholder's preparation of its federal income tax returns. (Section 4.03(b)) Such report and such other items shall be prepared on the basis of information supplied to the Trustee by the DTC Participants, and shall be delivered by the Trustee to such DTC Participants to be available for forwarding by such DTC Participants to Certificate Owners in the manner described above.

At such time, if any, as the Certificates are issued in the form of Definitive Certificates, the Trustee will prepare and deliver the information described above to each Certificateholder of record of such Trust as the name and period of record ownership of such Certificateholder appears on the records of the registrar of the Certificates. (Sections 3.09 and 4.03)

VOTING OF EQUIPMENT NOTES

The Trustee, as holder of the Equipment Notes held in each Trust, has the right to vote and give consents and waivers in respect of such Equipment Notes under the related Indentures. The Basic Agreement sets forth the circumstances in which the Trustee shall direct any action or cast any vote as the holder of the Equipment Notes held in the applicable Trust at its own discretion and the circumstances in which the Trustee shall seek instructions from the Certificateholders of such Trust. Prior to an Event of Default (as defined below) with respect to any Trust, the principal amount of the Equipment Notes held in such Trust directing any action or being voted for or against any proposal shall be in proportion to the principal amount of Certificates held by the Certificateholders of such Trust taking the corresponding position. (Sections 6.01 and 10.01)

EVENTS OF DEFAULT AND CERTAIN RIGHTS UPON AN EVENT OF DEFAULT

The Basic Agreement defines an event of default with respect to a Trust (an "Event of Default") as the occurrence and continuance of an event of default under one or more of the related Indentures (an "Indenture Default"). (Section 6.01) The Indenture Defaults under an Indenture will be described in the

9

applicable Prospectus Supplement and in the case of Leased Aircraft Notes, will include events of default under the related Lease. Since the Equipment Notes issued under an Indenture may be held in more than one Trust, a continuing Indenture Default under such Indenture would result in an Event of Default with respect to each such Trust. There will be, however, no cross-default provisions in the Indentures and events resulting in an Indenture Default under any particular Indenture will not necessarily result in an Indenture Default occurring under any other Indenture. If an Indenture Default occurs in fewer than all of the Indentures related to a Trust, the Equipment Notes issued pursuant to the related Indentures with respect to which an Indenture Default has not occurred will continue to be held in such Trust and payments of principal and interest on such Equipment Notes will continue to be distributed to the holders of the Certificates of such Trust as originally scheduled as therein provided.

In the case of Leased Aircraft, the Owner Trustee and the Owner Participant under each Indenture each will have the right under certain circumstances to cure an Indenture Default that results from the occurrence of a Lease Event of Default under the related Lease. If the Owner Trustee or the Owner Participant chooses to exercise such cure right, the Indenture Default and consequently the Event of Default with respect to the related Trust or Trusts will be deemed to have been cured.

The Basic Agreement provides that, as long as an Indenture Default under any Indenture relating to Equipment Notes held in a Trust shall have occurred and be continuing, the Trustee of such Trust may vote all of the Equipment Notes issued under such Indenture that are held in such Trust, and upon the direction of the holders of Certificates evidencing fractional undivided interests aggregating not less than a majority in interest of such Trust shall vote not less than a corresponding majority of such Equipment Notes, in favor of directing the related Loan Trustee to declare the unpaid principal amount of all Equipment Notes then outstanding under such Indenture and any accrued and unpaid interest thereon to be due and payable. The Basic Agreement also provides that, if an Indenture Default under any Indenture relating to Equipment Notes held in a Trust shall have occurred and be continuing, the Trustee of such Trust may, and upon the direction of the holders of Certificates evidencing fractional undivided interests aggregating not less than a majority in interest of such Trust shall, vote all of the Equipment Notes issued under such Indenture that are held in such Trust in favor of directing the related Loan Trustee as to the time, method and place of conducting any proceeding for any remedy available to such Loan Trustee or of exercising any trust or power conferred on such Loan Trustee under such Indenture. (Sections 6.01 and 6.04)

The ability of the holders of the Certificates issued with respect to any one Trust to cause the Loan Trustee with respect to any Equipment Notes held in such Trust to accelerate the payment on such Equipment Notes under the related Indenture or to direct the exercise of remedies by such Loan Trustee under the related Indenture will depend, in part, upon the proportion between the aggregate principal amount of the Equipment Notes outstanding under such Indenture and held in such Trust and the aggregate principal amount of all Equipment Notes outstanding under such Indenture. Each Trust will hold Equipment Notes with different terms from those of the Equipment Notes held in the other Trusts and therefore the Certificateholders of a Trust may have divergent or conflicting interests from those of the Certificateholders of the other Trusts holding Equipment Notes relating to the same Aircraft. In

addition, so long as the same institution acts as Trustee of each Trust, in the absence of instructions from the Certificateholders of any such Trust, the Trustee for such Trust could for the same reason be faced with a potential conflict of interest upon an Indenture Default. In such event, the Trustee has indicated that it would resign as trustee of one or all such Trusts, and a successor trustee would be appointed in accordance with the terms of the Basic Agreement.

10

As an additional remedy, if an Indenture Default under an Indenture shall have occurred and be continuing, the Basic Agreement provides that the Trustee of a Trust holding Equipment Notes issued under such Indenture may, and upon the direction of the holders of Certificates evidencing fractional undivided interests aggregating not less than a majority in interest of such Trust shall, sell all or part of such Equipment Notes for cash to any Person. (Sections 6.01 and 6.02) Any proceeds received by the Trustee upon any such sale shall be deposited in the Special Payments Account for such Trust and shall be distributed to the Certificateholders of such Trust on a Special Distribution Date. (Sections 4.01 and 4.02) The market for Equipment Notes in default may be very limited and there can be no assurance that they could be sold for a reasonable price. Furthermore, so long as the same institution acts as Trustee of each Trust, it may be faced with a conflict in deciding from which Trust to sell Equipment Notes to available buyers. If the Trustee sells any such Equipment Notes with respect to which an Indenture Default exists for less than their outstanding principal amount, the Certificateholders of such Trust will receive a smaller amount of principal distributions than anticipated and will not have any claim for the shortfall against Southwest, the related Owner Trustee in the case of any Leased Aircraft or the Trustee. Neither the Trustee nor the Certificateholders of such Trust, furthermore, could take any action with respect to any remaining Equipment Notes held in such Trust so long as no Indenture Defaults existed with respect thereto.

Any amount distributed to the Trustee of any Trust by the Loan Trustee under any Indenture on account of the Equipment Notes held in such Trust following an Indenture Default under such Indenture shall be deposited in the Special Payments Account for such Trust and shall be distributed to the Certificateholders of such Trust on a Special Distribution Date. In addition, if, following an Indenture Default under any Indenture relating to Leased Aircraft, the related Owner Trustee exercises its option, if any, to redeem or purchase the outstanding Leased Aircraft Notes issued under such Indenture as described in the related Prospectus Supplement, the price paid by such Owner Trustee to the Trustee of any Trust for the Leased Aircraft Notes issued under such Indenture and held in such Trust shall be deposited in the Special Payments Account for such Trust and shall be distributed to the Certificateholders of such Trust on a Special Distribution Date. (Sections 4.01, 4.02 and 6.02)

Any funds representing payments received with respect to any Equipment Notes held in a Trust in default, or the proceeds from the sale by the Trustee of any such Equipment Notes, held by the Trustee in the Special Payments Account for such Trust shall, to the extent practicable, be invested and reinvested by the Trustee in Permitted Investments pending the distribution of such funds on a Special Distribution Date. Permitted Investments are defined as obligations of the United States or agencies or instrumentalities thereof, the payment of which is backed by the full faith and credit of the United States and which mature in not more than 60 days or such lesser time as is required for the distribution of any such funds on a Special Distribution Date. (Sections 1.01 and 4.04)

The Basic Agreement provides that the Trustee of each Trust shall, within 90 days after the occurrence of a default in respect of such Trust, give to the Certificateholders of such Trust notice, transmitted by mail, of all uncured or unwaived defaults with respect to such Trust known to it; provided that, except in the case of default in the payment of principal of, premium, if any, or interest on any of the Equipment Notes held in such Trust, the Trustee shall be protected in withholding such notice if it in good faith determines that the withholding of such notice is in the interests of such Certificateholders. (Section 7.01)

The Basic Agreement contains a provision entitling the Trustee of each Trust, subject to the duty of the Trustee during a default to act with the required standard of care, to be indemnified by the holders

11

of the Certificates of such Trust before proceeding to exercise any right or power under such Agreement at the request of such Certificateholders. (Section 7.02)

In certain cases, the holders of Certificates of a Trust evidencing fractional undivided interests aggregating not less than a majority in interest of such Trust may on behalf of the holders of all Certificates of such Trust waive, or may instruct the Loan Trustee to waive, any past default or Event of Default with respect to such Trust and thereby annul any direction given by such holders to the related Loan Trustee with respect thereto, except (i) a default in the deposit of any Scheduled Payment or Special Payment or in the distribution thereof; (ii) a default in payment of the principal of, premium, if any, or interest on any of the Equipment Notes held in such Trust and (iii) a default in respect of any covenant or provision of the Basic Agreement or the related Trust Supplement that cannot be modified or amended without the consent of each Certificateholder of such Trust affected thereby. (Section 6.05) Each Indenture will provide that, with certain exceptions, the holders of a majority in aggregate unpaid principal amount of the Equipment Notes issued thereunder may on behalf of all such holders waive any past default or Indenture Default thereunder. In the event of a waiver with respect to a Trust as described above, the principal amount of the Equipment Notes issued under the related Indenture held in such Trust shall be counted as waived in the determination of the majority in aggregate unpaid principal amount of Equipment Notes required to waive a default or an Indenture Default under such Indenture. Therefore, if the Certificateholders of a Trust or Trusts waive a past default or Event of Default such that the principal amount of the Equipment Notes held either individually in such Trust or in the aggregate in such Trusts constitutes the required majority in aggregate unpaid principal amount under the applicable Indenture, such past default or Indenture Default under such Indenture shall be waived.

MODIFICATIONS OF THE AGREEMENTS

The Basic Agreement contains provisions permitting Southwest and the Trustee of each Trust to enter into a supplemental agreement, without the consent of the holders of any of the Certificates of such Trust, (i) to provide for the formation of such Trust and the issuance of a series of Certificates, (ii) to evidence the succession of another corporation to Southwest and the assumption by such corporation of Southwest's obligations under the Basic Agreement and the applicable Trust Supplement, (iii) to add to the covenants of Southwest for the benefit of the holders of such Certificates, or to surrender any right or power in the Basic Agreement conferred upon Southwest, (iv) to correct or supplement any defective or inconsistent provision of the Basic Agreement, the applicable Trust Supplement or any supplemental trust agreement, or to make any other provisions with respect to matters or questions arising thereunder, provided such action shall not adversely affect the interest of the holders of such Certificates, or to cure any ambiguity or correct any mistake, (v) to modify, eliminate or add to the provisions of the Basic Agreement to the extent as shall be necessary to continue the qualification of the Basic Agreement (including any supplemental agreement) under the Trust Indenture Act, (vi) to provide for a successor Trustee or to add to or change any provision of the Basic Agreement as shall be necessary to facilitate the administration of the Trusts thereunder by more than one Trustee, or (vii) to make any other amendments or modifications which shall only apply to Certificates of one or more series to be issued thereafter. (Section 9.01)

The Basic Agreement also contains provisions permitting Southwest and the Trustee of each Trust, with the consent of the Certificateholders of such Trust evidencing fractional undivided interests aggregating not less than a majority in interest of such Trust, to execute supplemental agreements adding any provisions to or changing or eliminating any of the provisions of the Basic Agreement, to the extent relating to such Trust, and the applicable Trust Supplement, or modifying the rights of such

Certificateholders, except that no such supplemental agreement may, without the consent of the holder of each such Certificate so affected, (a) reduce in any manner the amount of, or delay the timing of, any receipt by the Trustee of payments on the Equipment Notes held in such Trust, or distributions in respect of any Certificate of such Trust, or make distributions payable in coin or currency other than that provided for in such Certificates, or impair the right of any Certificateholder of such Trust to institute suit for the enforcement of any such payment when due, (b) permit the disposition of any Equipment Note held in such Trust, except as provided in the Basic Agreement or the applicable Trust Supplement, or otherwise deprive such Certificateholder of the benefit of the ownership of the Equipment Notes held in such Trust, (c) reduce the percentage of the aggregate fractional undivided interests of the Trust provided for in the Basic Agreement or the applicable Trust Supplement, the consent of the holders of which is required for any such supplemental agreement or for any waiver provided for in the Basic Agreement or such Trust Supplement, or (d) modify certain specified provisions of the Basic Agreement except to increase such percentage or to provide that certain other provisions cannot be modified or waived without the consent of the holders of the Certificates affected. (Section 9.02)

MODIFICATION OF INDENTURE AND RELATED AGREEMENTS

In the event that the Trustee, as the holder of any Equipment Notes held in a Trust, receives a request for its consent to any amendment, modification or waiver under the Indenture, Lease, if any, or other document relating to such Equipment Notes, the Trustee shall mail a notice of such proposed amendment, modification or waiver to each Certificateholder of such Trust as of the date of such notice. The Trustee shall request instructions from the Certificateholders of such Trust as to whether or not to consent to such amendment, modification or waiver. The Trustee shall vote or consent with respect to such Equipment Notes in such Trust in the same proportion as the Certificates of such Trust were actually voted by the holders thereof by a certain date. Notwithstanding the foregoing, if an Event of Default in respect of such Trust shall have occurred and be continuing, the Trustee may, in the absence of instructions from Certificateholders holding a majority in interest of such Trust, in its own discretion consent to such amendment, modification or waiver, and may so notify the relevant Loan Trustee. (Section 10.01)

TERMINATION OF THE TRUSTS

The obligations of Southwest and the Trustee with respect to a Trust will terminate upon the distribution to Certificateholders of such Trust of all amounts required to be distributed to them pursuant to the Basic Agreement and the applicable Trust Supplement and the disposition of all property held in such Trust. The Trustee will mail to each Certificateholder of record of such Trust notice of the termination of such Trust, the amount of the proposed final payment and the proposed date for the distribution of such final payment for such Trust. The final distribution to any Certificateholder of such Trust will be made only upon surrender of such Certificateholder's Certificates at the office or agency of the Trustee specified in such notice of termination. (Section 11.01)

DELAYED PURCHASE

In the event that, on the delivery date of any Certificates, all of the proceeds from the sale of such Certificates are not used to purchase the Equipment Notes contemplated to be held in the related Trust, such Equipment Notes may be purchased by the Trustee at any time on or prior to the date specified in the applicable Prospectus Supplement. In such event, the Trustee will hold the proceeds from the sale of such Certificates not used to purchase Equipment Notes in an escrow account pending the purchase of

13

the Equipment Notes not so purchased. Such proceeds will be invested in certain Specified Investments at the direction and risk of, and for the account of, Southwest. Earnings on Specified Investments in the escrow account for each Trust will be paid to Southwest periodically, and Southwest will be responsible for any losses. (Section 2.02(b))

On the Regular Distribution Date occurring on the date specified in the applicable Prospectus Supplement, Southwest will pay to the Trustee an amount equal to the interest that would have accrued, at the rate specified in the applicable Prospectus Supplement with respect to such Certificates, had the Equipment Notes been purchased on the date of the issuance of such Certificates from the date of such issuance to, but excluding, the date of the purchase of such Equipment Notes by the Trustee. (Section 2.02(b))

SPECIAL DISTRIBUTION UPON UNAVAILABILITY OF AIRCRAFT

To the extent, due to a casualty to, or other event causing the unavailability of, one or more Aircraft, that the full amount of the proceeds from the sale of any Certificates held in the escrow account referred to above is not used to purchase Equipment Notes on or prior to the date specified in the applicable Prospectus Supplement, an amount equal to the unused proceeds will be distributed by the Trustee to the holders of record of such Certificates on a pro rata basis upon not less than 20 days' prior notice to them as a Special Distribution on the date specified in the applicable Prospectus Supplement or on an earlier Special Distribution Date together with interest thereon at a rate equal to the rate applicable to such Certificates, but without premium, and Southwest will pay to the Trustee on such date an amount equal to such interest. (Section 2.02(b))

MERGER, CONSOLIDATION AND TRANSFER OF ASSETS

Southwest will be prohibited from consolidating with or merging into any other Person or transferring all or substantially all of its assets as an entirety to any other Person unless, (i) the surviving successor or transferee Person shall (a) be a Person organized under the laws of the United States or any State thereof or the District of Columbia, (b) be a "citizen of the United States" as defined in the Aviation Act, (c) be a United States certificated air

carrier and (d) expressly assume all of the obligations of Southwest contained in the Basic Agreement, the Note Purchase Agreements and the Indentures and, with respect to the Leased Aircraft Notes, the Leases and any other operative documents; (ii) immediately after giving effect to such transaction, no Lease Default or Lease Event of Default shall have occurred and be continuing with respect to the Certificates; (iii) Southwest shall have delivered a certificate and an opinion or opinions of counsel indicating that such transaction, in effect, complies with such conditions; and (iv) the surviving successor or transferee corporation shall make such filings and recordings with the Federal Aviation Administration pursuant to the Aviation Act, as shall be necessary or desirable to evidence such consolidation, merger, conveyance, transfer or lease with or to such Person. (Section 5.02)

THE TRUSTEE

Wilmington Trust Company will be the initial Trustee for each of the Trusts. The Trustee and any of its affiliates may hold Certificates in their own names. (Section 7.04) With certain exceptions, the Trustee makes no representations as to the validity or sufficiency of the Basic Agreement, the Trust Supplements, the Certificates, the Equipment Notes, the Indentures, the Leases, if any, or other related documents. (Section 7.03) Unless otherwise specified in a Prospectus Supplement, Wilmington Trust

14

Company will also be the Loan Trustee of the Indentures under which the Equipment Notes are issued. It also serves as indenture trustee in numerous other aircraft financing transactions involving Southwest.

The Trustee may resign with respect to any or all of the Trusts at any time, in which event Southwest will be obligated to appoint a successor trustee. If the Trustee ceases to be eligible to continue as Trustee with respect to a Trust or becomes incapable of acting as Trustee or becomes insolvent, Southwest may remove such Trustee, or any holder of Certificates of such Trust for at least six months may, on behalf of himself or herself and all others similarly situated, petition any court of competent jurisdiction for the removal of such Trustee and the appointment of a successor trustee. Any resignation or removal of the Trustee with respect to a Trust and appointment of the successor trustee for such Trust does not become effective until acceptance of the appointment by the successor trustee. (Section 7.08) Pursuant to such resignation and successor trustee provisions, it is possible that a different trustee could be appointed to act as the successor trustee with respect to each Trust. All references in this Prospectus to the Trustee are to the trustee acting in such capacity under each of the Trusts and should be read to take into account the possibility that each of the Trusts could have a different successor trustee in the event of such a resignation or removal.

The Basic Agreement provides that Southwest will pay the Trustee's fees and expenses. (Section 7.06)

DESCRIPTION OF THE EQUIPMENT NOTES

The statements under this caption are summaries and do not purport to be complete. Except as otherwise indicated below or as described in the applicable Prospectus Supplement, the following summaries will apply to the Equipment Notes, the Indenture, the Lease, if any, and the Note Purchase Agreement relating to each Aircraft. Additional provisions with respect to the Equipment Notes, the Indentures, the Leases, if any, and the Note Purchase Agreements relating to any particular offering of Certificates will be described in the applicable Prospectus Supplement.

GENERAL

Each Equipment Note issued under the same Indenture will relate to a single Aircraft. The Equipment Notes with respect to each Aircraft will be issued under a separate Indenture between the related Loan Trustee and Southwest (in the case of Owned Aircraft Notes) or the related Loan Trustee and the Owner Trustee (in the case of Leased Aircraft Notes) of a trust for the benefit of the Owner Participant who is the beneficial owner of the related Aircraft.

Southwest's obligations under each Indenture relating to an Owned Aircraft and under the related Owned Aircraft Notes will be direct obligations of Southwest. The Leased Aircraft Notes will be nonrecourse obligations of the related Owner Trustee. Except in certain circumstances involving Southwest's purchase of a Leased Aircraft and the assumption of the Leased Aircraft Notes related thereto, the Leased Aircraft Notes will not be direct obligations of, or guaranteed by, Southwest; however, Southwest is obligated to make or cause to be made rental and other payments to the related Owner Trustee under the Lease of the related Leased Aircraft in amounts that will be at least sufficient to pay when due all payments required to be made on the Leased Aircraft Notes issued with respect to such Leased Aircraft. Southwest's rental

obligations under each Lease will be general obligations of Southwest.

15

PRINCIPAL AND INTEREST PAYMENTS

Interest paid on the Equipment Notes held in each Trust will be passed through to the Certificateholders of such Trust on the dates and at the rate per annum set forth in the applicable Prospectus Supplement until the final distribution date for such Trust. Principal paid on the Equipment Notes held in each Trust will be passed through to the Certificateholders of such Trust in scheduled amounts on the dates set forth in the applicable Prospectus Supplement until the final distribution date for such Trust.

If any date scheduled for any payment of principal of, premium, if any, or interest on the Equipment Notes is not a Business Day, such payment may be made on the next succeeding Business Day without any additional interest.

SECURITY

The Leased Aircraft Notes will be secured by (i) an assignment by the related Owner Trustee to the related Loan Trustee of such Owner Trustee's rights (except for certain rights, including those described below) under the Lease with respect to the related Leased Aircraft, including the right to receive payments of rent thereunder, (ii) a mortgage to such Loan Trustee on such Aircraft, subject to the rights of Southwest under such Lease, and (iii) an assignment to such Loan Trustee of certain of such Owner Trustee's rights under the purchase agreement between Southwest and the related airframe manufacturer. Unless and until an Indenture Default with respect to a Leased Aircraft has occurred and is continuing, the Loan Trustee may not exercise the rights of the Owner Trustee under the related Lease, except the right to receive payments of rent due thereunder and certain enumerated shared rights. The assignment by the Owner Trustee to the Loan Trustee of its rights under the related Lease will exclude certain rights of such Owner Trustee and the related Owner Participant, including rights to amend, modify or waive, or take actions with respect to, certain provisions of the related Lease (but only so long as the same will not impair the value of the trust estate), rights relating to indemnification by Southwest for certain matters, insurance proceeds payable to such Owner Trustee in its individual or trust capacity and to such Owner Participant under liability insurance maintained by Southwest under such Lease or by any other Person, insurance proceeds payable to such Owner Trustee in its individual or trust capacity or to such Owner Participant under certain casualty insurance maintained by such Owner Trustee or such Owner Participant and certain reimbursement payments made by Southwest to such Owner Participant.

The Owned Aircraft Notes will be secured by a mortgage from Southwest to the Loan Trustee of the related Owned Aircraft and an assignment by Southwest to such Loan Trustee of certain of Southwest's rights under the purchase agreement between Southwest and the related airframe manufacturer.

The Equipment Notes issued under different Indentures will not be cross-collateralized and consequently the Equipment Notes issued in respect of any one Aircraft will not be secured by any of the other Aircraft (or any of the other security related thereto). Southwest will be required to keep each Aircraft registered under the Aviation Act and to record, or maintain the recordation of, the Indenture and the Lease, if any, among other documents, with respect to each Aircraft under the Aviation Act. Such recordation of the Indenture, the Lease, if any, and other documents with respect to each Aircraft is intended to give the related Loan Trustee a first priority perfected security interest in the related Aircraft whenever it is located in the United States or any of its territories and possessions and, with certain limited exceptions, in those jurisdictions that have ratified or adhered to the Convention on the

16

International Recognition of Rights in Aircraft (the "Convention"). However, in the case of an Indenture Default, the ability of the related Loan Trustee to realize upon its security interest in an Aircraft could be adversely affected as a legal or practical matter if such Aircraft were located outside the United States.

Funds, if any, held from time to time by the Loan Trustee with respect to any Aircraft, including funds held as the result of an event of loss to such Aircraft or termination of the Lease, if any, relating thereto, will be invested and reinvested by such Loan Trustee, at the direction of Southwest (except in the case of certain Events of Default), in investments described in the related Indenture or Lease. Southwest will pay the amount of any loss resulting from any such investment directed by it.

LIMITATION OF LIABILITY

The Owned Aircraft Notes will be direct obligations of Southwest. Except in certain circumstances involving Southwest's purchase of a Leased Aircraft and the assumption of the Leased Aircraft Notes related thereto, the Leased Aircraft Notes will not be direct obligations of, or guaranteed by, Southwest. None of the Owner Trustees, the Owner Participants or the Loan Trustees, or any affiliates thereof, shall be personally liable to any holder of a Leased Aircraft Note or, in the case of the Owner Trustees and the Owner Participants, to the Loan Trustees for any amounts payable under the Leased Aircraft Notes or, except as provided in each Indenture, for any liability under such Indenture. Except in the circumstances described above, all payments of principal of, premium, if any, and interest on the Equipment Notes issued with respect to any Aircraft (other than payments made in connection with an optional redemption or purchase of Leased Aircraft Notes by the related Owner Trustee or the related Owner Participant or certain payments made by the related Owner Participant) will be made only from the assets subject to the lien of the Indenture with respect to such Aircraft or the income and proceeds received by the related Loan Trustee therefrom (including, in the case of a Leased Aircraft, rent payable by Southwest under the Lease with respect to such Leased Aircraft).

Except as otherwise provided in the Indentures, each Owner Trustee in its individual capacity shall not be answerable or accountable under the Indentures or under the Leased Aircraft Notes under any circumstances except for its own wilful misconduct or gross negligence. None of the Owner Participants will have any duty or responsibility under any of the Indentures or the Leased Aircraft Notes to the Loan Trustees or to any holder of any Leased Aircraft Note.

INDENTURE DEFAULTS AND REMEDIES

The applicable Prospectus Supplement will describe the Indenture Defaults under the related Indentures, the remedies that the Loan Trustee may exercise with respect to the related Aircraft, either at its own initiative or upon instruction from holders of the related Equipment Notes, and other provisions relating to the occurrence of an Indenture Default and the exercise of remedies. There will be no cross-default provisions in the Indentures and events resulting in an Indenture Default under any particular Indenture will not necessarily result in an Indenture Default under any other Indenture.

LEASED AIRCRAFT LEASES

Each Leased Aircraft will be leased separately by the related Owner Trustee to Southwest pursuant to a "net lease" for a term commencing on the delivery date thereof to such Owner Trustee and expiring on a date not earlier than the latest maturity date of the Leased Aircraft Notes issued with respect to such Leased Aircraft unless previously terminated as permitted by the related Lease. The basic rent

17

payments by Southwest under each Lease will be payable on the dates specified in the applicable Prospectus Supplement, and will be assigned by the Owner Trustee under the related Indenture to provide the funds necessary to make payments of principal and interest due from such Owner Trustee on the Leased Aircraft Notes issued under such Indenture. Although in certain cases the basic rent payments under the Leases may be adjusted, under no circumstances will rent payments that Southwest will be unconditionally obligated to make or cause to be made under any Lease be less than the scheduled payments of principal and interest on the Leased Aircraft Notes issued under the Indenture relating to such Lease. The balance of any basic rent payments under each Lease, after payment of the scheduled principal and interest on the Leased Aircraft Notes issued under the Indenture relating to such Lease, will be paid over to the related Owner Trustee. Southwest's obligation to pay rent and to cause other payments to be made under each Lease will be a general obligation of Southwest. The applicable Prospectus Supplement will describe the Lease Events of Default under the related Leases, the remedies that the Owner Trustee may exercise with respect to the related Leased Aircraft, and other provisions relating to the occurrence of a Lease Event of Default and the exercise of remedies.

COVENANTS RELATING TO AIRCRAFT

Pursuant to the applicable Lease, Southwest will be obligated, at its expense, to cause each Aircraft to be duly registered, to pay all costs of operating each Aircraft and to maintain, service and repair each Aircraft so as to keep each Aircraft in as good operating condition as when delivered to Southwest, ordinary wear and tear excepted, and in such condition as may be necessary to enable the airworthiness certification thereof to be maintained in good standing at all times (other than during temporary periods of grounding) under the Aviation Act. Southwest will be obligated, at its expense, to replace

all parts (other than severable parts added at the option of Southwest and parts that Southwest is permitted to remove to the extent described below) that may from time to time be incorporated or installed in or attached to any Aircraft and that may become worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair or rendered permanently unfit for use. Southwest will have the right to make alterations and modifications in and additions to (including removal of parts which Lessee deems obsolete or no longer suitable or appropriate for use on the Aircraft from) each Aircraft as Southwest deems desirable, provided that no such alteration, modification, addition or removal shall diminish the value or utility of such Aircraft or impair the condition or airworthiness thereof.

THE NOTE PURCHASE AGREEMENTS

Southwest will be required to indemnify each Loan Trustee and, in the case of Leased Aircraft, each Owner Participant and Owner Trustee for certain losses, claims and other matters. In the case of Leased Aircraft, Southwest will be required under certain circumstances to indemnify each Owner Participant against the loss of depreciation deductions and certain other benefits allowable for certain income tax purposes with respect to the related Leased Aircraft. Each Owner Participant will be required to indemnify the related Loan Trustee and the holders of the Leased Aircraft Notes issued with respect to the Leased Aircraft in which such Owner Participant has an interest for certain losses that may be suffered as a result of its failure to be a United States citizen or the failure of such Owner Participant to discharge certain liens or claims on or against the assets subject to the lien of the related Indenture. Subject to certain restrictions, each Owner Participant may transfer its interest in the related Leased Aircraft.

18

FEDERAL INCOME TAX CONSEQUENCES

The following is a general discussion by Southwest of the anticipated material federal income tax consequences of the purchase, ownership and disposition of Certificates and should be read in conjunction with any additional discussion of federal income tax consequences included in the applicable Prospectus Supplement. The discussion is based on laws, regulations, rulings and decisions in effect as of the date hereof, all of which are subject to change (possibly on a retroactive basis) or different interpretation. There can be no assurance that the Internal Revenue Service will not challenge one or more of the tax consequences described herein, and Southwest does not intend to seek a ruling from the Service as to any such consequences. The discussion does not purport to address federal income tax consequences applicable to particular categories of investors, some of which (for example, insurance companies and foreign investors) may be subject to special rules. The statements of law and legal conclusions set forth herein are based upon the opinion of Vinson & Elkins L.L.P., special counsel to Southwest. Investors should consult their own tax advisors in determining the federal, state, local and any other tax consequences to them of the purchase, ownership and disposition of Certificates, including the advisability of making any election discussed below. The Trusts are not indemnified for any federal income taxes that may be imposed upon them, and the imposition of any such taxes on a Trust could result in a reduction in the amounts available for distribution to the Certificate Owners of such Trust.

GENERAL

The Trusts should not be classified as associations taxable as corporations, but, rather, each should be classified as a grantor trust under subpart E, Part I of Subchapter J of the Internal Revenue Code of 1986, as amended (the "Code"), and each Certificate Owner should be treated as the owner of a pro rata undivided interest in each of the Equipment Notes and any other property held in the related Trust.

Each Certificate Owner must report on its federal income tax return its pro rata share of the entire income from each of the Equipment Notes and any other property held in the related Trust, in accordance with such Certificate Owner's method of accounting. A Certificate Owner using the cash method of accounting must take into account its pro rata share of income as and when received by the Trustee. A Certificate Owner using an accrual method of accounting must take into account its pro rata share of income as it accrues or is received by the Trustee, whichever is earlier.

A purchaser of a Certificate should be treated as purchasing an interest in each Equipment Note and any other property in the related Trust at a price determined by allocating the purchase price paid for the Certificate among such Equipment Notes and other property in proportion to their fair market values at the time of purchase of the Certificate. Unless otherwise indicated in a Prospectus Supplement, Southwest anticipates that when all the Equipment Notes have been acquired by the related Trust the purchase price paid

for a Certificate of such Trust by an original purchaser of such Certificate should be allocated among the Equipment Notes held in such Trust in proportion to their respective principal amounts.

If an Equipment Note held by a Trust is prepaid, a Certificate Owner will be considered to have sold his pro rata share of that Equipment Note, and will recognize gain or loss equal to the difference between its aggregate adjusted basis in the Equipment Note and the amount realized on the sale (except

19

to the extent attributable to accrued interest, which would be taxable as interest income if not previously included in income). Subject to the market discount provisions of the Code (described below), any such gain or loss will be capital gain or loss if the Equipment Note is considered to have been held for more than one year. Net capital gains of individuals are, under certain circumstances, taxed at lower rates than items of ordinary income. With respect to the Leased Aircraft Notes, an Owner Participant's conveyance of its interest in a trust owning a Leased Aircraft will not constitute a taxable event to the holders of interests in the related Leased Aircraft Notes. However, if Southwest were to assume an Owner Trustee's obligations under the related Leased Aircraft Notes upon a purchase of the related Aircraft by Southwest, such assumption might be treated for federal income tax purposes as a taxable exchange of the respective Equipment Notes resulting in the recognition of taxable gain or loss under the rules discussed above. If a Certificate Owner acquires its interest in the Certificates at an amount equal to the outstanding principal balance (plus accrued interest, if any) of the underlying Equipment Notes at the time of such acquisition (e.g., a Certificate Owner purchasing at par in the initial offering of Certificates), then, provided that the Certificates are not treated as publicly traded for purposes of Treasury Regulation Section 1.1273-2, and the interest rate on the Certificates is at least equal to the applicable federal rate at such time, such assumption will not require a Certificate Owner to report taxable gain or loss. It is anticipated that the Certificates should not be treated as publicly traded for this purpose.

SALES OF CERTIFICATES

A Certificate Owner that sells a Certificate should recognize gain or loss (in the aggregate) equal to the difference between its adjusted tax basis in the Certificate and the amount realized on the sale (except to the extent attributable to accrued interest, which should be taxable as interest income). Subject to the market discount provisions of the Code (described below), any such gain or loss will be capital gain or loss if the Certificate was held as a capital asset and will be long-term capital gain or loss if the Certificate was held for more than one year. Net capital gains of individuals are, under certain circumstances, taxed at lower rates than items of ordinary income.

MARKET DISCOUNT

A Certificate Owner should be considered to have acquired an interest in an Equipment Note at a "market discount" to the extent the remaining principal amount of the Equipment Note allocable to such Certificate Owner's Certificate exceeds such Certificate Owner's tax basis allocable to such Equipment Note, unless the excess does not exceed a prescribed de minimis amount. In the event such excess exceeds the de minimis amount, the Certificate Owner should be subject to the market discount rules of sections 1276 to 1278 of the Code with regard to its interest in the Equipment Note.

In the case of a sale or certain other dispositions of indebtedness subject to the market discount rules, section 1276 of the Code requires that gain, if any, from such sale or disposition be treated as ordinary income to the extent such gain represents market discount that has accrued during the period in which such indebtedness was held and was not previously included in the Certificate Owner's income. If such indebtedness is disposed of in a nontaxable transaction (other than a nonrecognition transaction described in Code section 1276(c)), accrued market discount will be includable as ordinary income as if the Certificate Owner had sold the Certificate at its then market value.

In the case of a partial principal payment on indebtedness subject to the market discount rules, section 1276 of the Code requires that such payment be included in gross income as ordinary income to the extent such payment does not exceed the market discount that has accrued during the period such

20

indebtedness was held. The amount of any accrued market discount later required

to be included in gross income as ordinary income upon a sale or disposition or subsequent partial principal payment will be reduced by the amount of accrued market discount previously so included.

Generally, market discount accrues under a straight line method, or, at the election of the taxpayer, a constant interest method. However, in the case of Equipment Notes that constitute installment obligations, the manner in which market discount is to be accrued has been left to Treasury regulations not yet issued. Until such Treasury regulations are issued, the explanatory Conference Committee Report to the Tax Reform Act of 1986 (the "Conference Report") indicates that holders of installment obligations with market discount may elect to accrue market discount either on the basis of a constant interest rate or as follows: the amount of market discount that is deemed to accrue is the amount of market discount that bears the same ratio to the total amount of remaining market discount that the amount of stated interest paid in the accrual period bears to the total amount of stated interest remaining to be paid on the installment obligation as of the beginning of such period.

Under section 1277 of the Code, if in any taxable year interest paid or accrued on indebtedness incurred or continued to purchase or carry indebtedness subject to the market discount rules exceeds the interest currently includable in income with respect to such indebtedness, deduction of the excess interest must be deferred to the extent of the market discount allocable to the taxable year. The deferred portion of any interest expense will generally be deductible when such market discount is included in income upon the sale or other disposition (including repayment) of the indebtedness.

Section 1278 of the Code allows a taxpayer to make an election to include market discount in his gross income currently. If such election is made, the rules of sections 1276 and 1277 (described above) will not apply to the taxpayer.

PREMIUM

A Certificate Owner should generally be considered to have acquired an interest in an Equipment Note at a premium to the extent such Certificate Owner's tax basis allocable to such Equipment Note exceeds the remaining principal amount of the Equipment Note allocable to such Certificate Owner's Certificate. In that event, a Certificate Owner that holds such Certificate as a capital asset may elect to amortize such premium as an offset to interest income under section 171 of the Code with corresponding reductions in such Certificate Owner's tax basis in such Equipment Note. Generally, such amortization is on a constant yield basis. However, in the case of installment obligations (such as certain or all of the Equipment Notes), the Conference Report indicates a Congressional intent that amortization will be in accordance with the same rules that will apply to the accrual of market discount on installment obligations. See "Federal Income Tax Consequences -- Market Discount."

If Equipment Notes may be called at a premium prior to maturity, amortizable premium may be determined by reference to an early call date. Due to the complexities of the amortizable premium rules, particularly where there is more than one possible call date and the amount of any premium is uncertain, Certificate Owners are urged to consult their own tax advisors as to the amount of any such amortizable premium.

If a Certificate Owner acquires an interest in a Certificate at a premium and elects to amortize such premium, and the Internal Revenue Service successfully challenges the amount of amortization claimed for a particular period, then such Certificate Owner would be precluded from offsetting interest

income on the Equipment Note for such period with the amount of the disallowed amortization, and the basis of such Equipment Note would be increased accordingly.

ORIGINAL ISSUE DISCOUNT

Owners of certain debt instruments issued with original issue discount ("OID") that is not de minimis generally must include such OID in income as it accrues, regardless of their method of accounting. This results in an inclusion of OID in income before the receipt of cash attributable to such income. It is anticipated that the Equipment Notes will not be issued with OID. Certain aggregation rules in the Treasury Regulation relating to OID (the "OID Regulations"), however, could be interpreted to require that where one investor purchases Certificates issued by more than one Trust, certain of that investor's interests in the Equipment Notes in those Trusts must be treated together as a single debt instrument, which, for purposes of calculating and amortizing any OID, has a single issue price, maturity date, stated redemption price at maturity and yield to maturity. If the OID Regulations were applicable in this way, such aggregation of Certificates could be treated with respect to

such investors as a debt instrument issued with OID.

The OID Regulations provide generally that only debt instruments that are issued by a single issuer to a single holder are aggregated. The IRS, however, may aggregate debt instruments that are issued by more than one issuer or that are issued to more than one holder if the debt instruments are issued in an arrangement that is designed to avoid the aggregation rule. The OID Regulations provide an exception to the aggregation rule if the debt instrument is part of an issue a substantial portion of which is issued for cash to parties who are not related to the issuer or holder and who do not purchase other debt instruments of the same issuer in connection with the same transaction or related transactions. Whether this exception in the OID Regulations would apply in this case is uncertain. Certificate Owners are urged to consult their own tax advisors regarding the application of the aggregation rules.

BACKUP WITHHOLDING

Payments made on Certificates, and proceeds from the sale of Certificates to or through certain brokers, may be subject to a "backup" withholding tax of 31% unless a Certificate Owner complies with certain reporting procedures or is an exempt recipient under section 3406 of the Code. Any such withheld amounts will be allowed as a credit against the Certificate Owner's federal income tax.

INFORMATION REPORTS

Information reports will be made by the Trustee to the Internal Revenue Service, and to Certificate Owners that are not exempt from the reporting requirements, annually or as otherwise required with respect to interest paid on the Certificates.

CERTAIN DELAWARE TAXES

The initial Trustee is a Delaware banking corporation. Potter, Anderson & Corroon, counsel to the Trustee, has advised Southwest that, in its opinion, under currently applicable law, assuming that each Trust will not be taxable as a corporation for federal income tax purposes, but, rather, will be classified as a grantor trust under subpart E, Part I of Subchapter J of the Code, (i) the Trusts will not be subject to any tax (including, without limitation, net or gross income, tangible or intangible property, net worth, capital, franchise or doing business tax), fee or other governmental charge under the laws of the State

22

of Delaware or any political subdivision thereof and (ii) Certificate Owners that are not residents of or otherwise subject to tax in Delaware will not be subject to any tax (including, without limitation, net or gross income, tangible or intangible property, net worth, capital, franchise or doing business tax), fee or other governmental charge under the laws of the State of Delaware or any political subdivision thereof as a result of purchasing, owning (including receiving payments with respect to) or selling a Certificate. Neither the Trusts nor the Certificate Owners will be indemnified for any state or local taxes imposed on them, and the imposition of any such taxes on a Trust could result in a reduction in the amounts available for distribution to the Certificate Owners of such Trust. In general, should a Certificate Owner or a Trust be subject to any state or local tax which would not be imposed if the Trustee were located in a different jurisdiction in the United States, the Trustee will resign and a new Trustee in such other jurisdiction will be appointed.

ERISA CONSIDERATIONS

Unless otherwise indicated in the applicable Prospectus Supplement, Certificates may not be purchased by, or with assets of, an employee benefit plan subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or individual retirement account or employee benefit plan subject to Section 4975 of the Code. Certain governmental plans and non-electing church plans, however, are not subject to Title I of ERISA or Section 4975 of the Code, and, therefore, may purchase the Certificates.

PLAN OF DISTRIBUTION

The Certificates being offered hereby may be sold in any one or more of the following ways from time to time: (i) through agents; (ii) to or through underwriters; (iii) through dealers; and (iv) directly to other purchasers.

The distribution of the Certificates may be effected from time to time in one or more transactions at a fixed price or prices, which may be changed, at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices.

Offers to purchase Certificates may be solicited by agents designated by Southwest from time to time. Any such agent involved in the offer or sale of the Certificates in respect of which this Prospectus is delivered will be named, and any commissions payable by Southwest to such agent will be set forth, in the applicable Prospectus Supplement. Unless otherwise indicated in such Prospectus Supplement, any such agent will be acting on a best efforts basis for the period of its appointment. Any such agent may be deemed to be an underwriter, as that term is defined in the Securities Act, of the Certificates so offered and sold.

If the Certificates are sold by means of an underwritten offering, Southwest will execute an underwriting agreement with an underwriter or underwriters at the time an agreement for such sale is reached, and the names of the specific managing underwriter or underwriters, as well as any other underwriters, and the terms of the transaction, including commissions, discounts and any other compensation of the underwriters and dealers, if any, will be set forth in the Prospectus Supplement which will be used by the underwriters to make resales of the Certificates in respect of which this Prospectus is delivered to the public. If underwriters are utilized in the sale of the Certificates in respect of which this Prospectus is delivered, the Certificates will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated

23

transactions, at fixed public offering prices or at varying prices determined by the underwriters at the time of sale. Certificates may be offered to the public either through underwriting syndicates represented by managing underwriters or directly by the managing underwriters. If any underwriter or underwriters are utilized in the sale of the Certificates, unless otherwise indicated in the Prospectus Supplement, the underwriting agreement will provide that the obligations of the underwriters are subject to certain conditions precedent and that the underwriters with respect to a sale of Certificates will be obligated to purchase all such Certificates if any are purchased. Southwest does not intend to apply for listing of the Certificates on a national securities exchange. If the Certificates are sold by means of an underwritten offering, the underwriters may make a market in the Certificates as permitted by applicable laws and regulations. No underwriter would be obligated, however, to make a market in the Certificates and any such market-making could be discontinued at any time at the sole discretion of such underwriter. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the Certificates.

If a dealer is utilized in the sale of the Certificates in respect of which this Prospectus is delivered, such Certificates will be sold by the Trustee to the dealer as principal. The dealer may then resell such Certificates to the public at varying prices to be determined by such dealer at the time of resale. Any such dealer may be deemed to be an underwriter, as such term is defined in the Securities Act, of the Certificates so offered and sold. The name of the dealer and the terms of the transaction will be set forth in the Prospectus Supplement relating thereto.

Offers to purchase Certificates may be solicited directly and the sale thereof may be made directly to institutional investors or others, who may be deemed to be underwriters within the meaning of the Securities Act with respect to any resale thereof. The terms of any such sales will be described in the Prospectus Supplement relating thereto.

Agents, underwriters and dealers may be entitled under relevant agreements to indemnification or contribution by Southwest against certain liabilities, including liabilities under the Securities Act.

Agents, underwriters and dealers may be customers of, engage in transactions with, or perform services for, Southwest in the ordinary course of business.

If so indicated in the applicable Prospectus Supplement, agents, underwriters or dealers may be authorized to solicit offers by certain institutions to purchase Certificates at the public offering prices set forth in the applicable Prospectus Supplement pursuant to delayed delivery contracts ("Contracts") providing for payment and delivery on a specified date or dates. A commission indicated in the applicable Prospectus Supplement will be paid to agents, underwriters and dealers soliciting purchases of Certificates pursuant to Contracts accepted by Southwest.

LEGAL OPINIONS

Unless otherwise indicated in the applicable Prospectus Supplement, the validity of the Certificates offered hereby will be passed upon for Southwest by Deborah Ackerman, Associate General Counsel for Southwest, and for any agents, underwriters or dealers by counsel to be identified in the

applicable Prospectus Supplement. Unless otherwise indicated in the applicable Prospectus Supplement, both Ms. Ackerman and counsel for any agents, underwriters or dealers will rely on the opinion of counsel for Wilmington Trust Company, individually and as Trustee for the Certificates of each Trust, as to certain matters relating to the authorization, execution and delivery of such Certificates by and the valid and binding effect thereon, such Trustee. The statements of law and legal conclusions set forth under "Federal

24

Income Tax Consequences" are based on the opinion of Vinson & Elkins L.L.P., Houston, Texas. Ms. Ackerman beneficially owns approximately 8,700 shares of common stock of the Company. Members of the firm of Vinson & Elkins L.L.P. having responsibility for the Company's legal matters beneficially own approximately 5,500 shares of common stock of the Company.

EXPERTS

The consolidated financial statements of Southwest Airlines Co. appearing in the Southwest Airlines Co. Annual Report (Form 10-K) for the year ended December 31, 1994, have been audited by Ernst & Young LLP, independent auditors, as set forth in their report thereon included therein and incorporated herein by reference. Such consolidated financial statements have been incorporated herein by reference in reliance upon such report given upon the authority of such firm as experts in accounting and auditing.

25

APPENDIX I

GLOSSARY OF CERTAIN TERMS

The following is a glossary of certain terms used in this Prospectus. The definitions of terms used in this glossary that are also used in the Basic Agreement, Trust Supplements, Indentures, Leases or Note Purchase Agreements are qualified in their entirety by reference to the definitions of such terms contained therein. Additional terms or changes in the terms defined below may appear in the applicable Prospectus Supplement.

"Aircraft" means Leased Aircraft and Owned Aircraft.

"Aviation Act" means the Federal Aviation Act of 1958, as amended, and the applicable regulations thereunder.

"Basic Agreement" means the Pass Through Trust Agreement, dated as of February 1, 1993, between Southwest and the Trustee.

"Business Day," when used with respect to the Certificates of any series, means any day other than a Saturday, a Sunday, or a day on which banking institutions in New York, Dallas, Texas or a city and state in which the Trustee or any related Loan Trustee maintains its Corporate Trust Office or receives and disburses funds are authorized or obligated by law, regulation or executive order to be closed.

"Certificate" means each of the Certificates to be issued by each of the Trusts pursuant to the Basic Agreement.

"Certificate Account" means the one or more non-interest-bearing accounts established and maintained by the Trustee pursuant to the Basic Agreement on behalf of the Certificateholders of each Trust for the deposit of payments representing Scheduled Payments on the Equipment Notes held in such Trust.

"Certificate Owner" means a person having a beneficial interest in a Certificate.

"Certificateholder" means the Person in whose name a Certificate is registered.

"Code" means the United States Internal Revenue Code of 1986, as amended.

"Commission" means the Securities and Exchange Commission.

"Engine" means each of the engines relating to an Aircraft.

"Equipment Notes" means the Owned Aircraft Notes and the Leased Aircraft Notes.

"Event of Default" means, with respect to the Equipment Notes held in any Trust, the occurrence and continuance of an Indenture Default under one or more of the related Indentures.

A-1

"Indenture" means each of the separate trust indenture and security agreements entered into from time to time between (a) Southwest and a Loan Trustee with respect to the issuance of Owned Aircraft Notes or (b) an Owner Trustee and a Loan Trustee with respect to the issuance of Leased Aircraft Notes as each such agreement may hereafter be amended or supplemented in accordance with its respective terms.

"Indenture Default" means each of the events designated as an event of default in an Indenture, as described in the applicable Prospectus Supplement.

"Lease" means each of the Lease Agreements entered into with respect to a Leased Aircraft between an Owner Trustee and Southwest, as each such Lease Agreement may from time to time be amended or supplemented in accordance with its respective term.

"Lease Event of Default" means each of the events designated as an event of default in a Lease, as described in the applicable Prospectus Supplement.

"Leased Aircraft" means each aircraft, including its Engines, leased by an Owner Trustee to Southwest pursuant to a Lease.

"Leased Aircraft Notes" means the equipment notes issued on a nonrecourse basis by the Owner Trustees pursuant to the Indentures relating to Leased Aircraft.

"Loan Trustee", when used with respect to any Equipment Note or the Indenture applicable thereto, means the bank or trust company designated as indenture trustee under such Indenture, and any successor to such Loan Trustee as such trustee.

"Note Purchase Agreement," when used with respect to any Equipment Note, means the note purchase, participation, refinancing or similar agreement or agreements referred to in the related Indenture, providing for, among other things, the purchase of Equipment Notes by the Trustee.

"Owned Aircraft" means each aircraft, including its Engines, that is security for the obligations of Southwest under the Owned Aircraft Notes.

"Owned Aircraft Notes" means the equipment notes issued, with recourse to Southwest, by Southwest pursuant to the Indentures relating to Owned Aircraft.

"Owner Participant" means each of the owner participants for whose benefit an Owner Trustee owns a Leased Aircraft leased to Southwest pursuant to a Lease and its permitted successors and assigns.

"Owner Trustee", when used with respect to any Leased Aircraft Note or the Indenture applicable thereto or the Lease related thereto, means the "Owner Trustee" referred to in the applicable Indenture, not in its individual capacity but solely as trustee; and each other person which may from time to time be acting as Owner Trustee in accordance with the provisions of the applicable Indenture or Lease.

"Pool Balance" means, for each Trust, as of any date, the aggregate unpaid principal amount of the Equipment Notes held in such Trust on such date plus any amounts in respect of principal on such Equipment Notes held by the Trustee and not yet distributed, plus any amount of any moneys held in the related Escrow Account (other than earnings thereon). The Pool Balance for each Trust as of any Regular

A-2

Distribution Date or Special Distribution Date shall be computed after giving effect to the payment of principal, if any, on the Equipment Notes held in such Trust and distribution thereof to be made on that date.

"Pool Factor" means, for each Trust, as of any date, the quotient (rounded to the seventh decimal place) computed by dividing (i) the Pool Balance by (ii) the aggregate original principal amount of the Certificates of such Trust. The Pool Factor for each Trust as of any Regular Distribution Date or Special Distribution Date shall be computed after giving effect to the payment of principal, if any, on the Equipment Notes held in such Trust and

distribution thereof to be made on that date.

"Regular Distribution Date" means each date on which a Scheduled Payment will be distributed, as specified in the applicable Prospectus Supplement.

"Scheduled Payment" means each payment of interest or principal on an Equipment Note scheduled to be received by the Trustee on the Regular Distribution Dates specified in the applicable Prospectus Supplement.

"Special Distribution Date" means each date on which a Special Payment will be distributed, as specified in the applicable Prospectus Supplement.

"Special Payment" means (i) any payment of principal, premium, if any, and interest resulting from the redemption or purchase of an Equipment Note held in a Trust, (ii) any payment of principal and interest (including any interest accruing upon default) on, or any other amount in respect of, an Equipment Note held in a Trust upon an Indenture Default in respect of, or upon acceleration relating to, such Equipment Note, (iii) any payment of principal, premium, if any, and interest on an Equipment Note which is not in fact paid within five days of a Regular Distribution Date, (iv) any proceeds from the sale of any Equipment Note upon an Event of Default, or (v) the amounts available for distribution from a Trust as a result of the failure to apply such amounts to the purchase of Equipment Notes on or prior to the date specified in the applicable Prospectus Supplement.

"Special Payments Account" means the one or more accounts established and maintained by the Trustee pursuant to the Basic Agreement on behalf of the Certificateholders of each Trust for the deposit of payments representing Special Payments.

"Specified Investments" when used with respect to any Trust, means, unless otherwise specified in the related Prospectus Supplement, (i) obligations of, or guaranteed by, the United States of America or agencies thereof, (ii) open market commercial paper of any corporation incorporated under the laws of the United States of America or any State thereof rated at least P-2 or its equivalent by Moody's Investors Service, Inc. or at least A-2 or its equivalent by Standard & Poor's Corporation, (iii) certificates of deposit issued by, or bankers' acceptances of, or time deposits (including overnight deposits) with, any bank, trust company or national banking association incorporated or doing business under the laws of the United States or any political subdivision thereof having combined capital and surplus and retained earnings of at least \$500,000,000 (including any Loan Trustee or Owner Trustee if such conditions are met), (iv) U.S. dollar denominated offshore certificates of deposit issued by, or offshore time deposits with, any commercial bank described in (iii) or any subsidiary thereof, and (v) repurchase agreements with any financial institution described in clause (iii) above having a combined capital and surplus of at

A-3

least \$500,000,000 fully collateralized by obligations of the type described in clauses (i) through (iv) above; provided that if all of the above investments are unavailable, the entire amounts to be invested may be used to purchase federal funds from an entity described in clause (iii) above; and provided further that no investment shall be eligible as a "Specified Investment" unless the final maturity or date of return of such investment is on or before the date applicable to the particular Trust, as specified in the related Prospectus Supplement.

"Trust" means each of the Southwest Airlines Pass Through Trusts to be formed pursuant to the Basic Agreement and a Trust Supplement.

"Trustee" means Wilmington Trust Company, a Delaware banking corporation, in its capacity as Trustee under each Trust, and each other person which may from time to time act as successor Trustee under such Trust.

"Trust Property" means the Equipment Notes held as the property of a Trust and all funds from time to time deposited in the related Certificate Account, the related Special Payments Account and any other account maintained as a part of such Trust, including any proceeds from the sale by the Trustee of any such Equipment Note in connection with an Event of Default.

"Trust Supplement" means each of the Trust Supplements between Southwest and the Trustee, pursuant to each of which one Trust is formed and one series of Certificates is issued to evidence fractional undivided ownership interests in the Trust Property held in such Trust.

(BACK COVER)

NO DEALER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS WITH RESPECT TO THIS OFFERING, OTHER THAN THOSE CONTAINED OR INCORPORATED BY REFERENCE IN THIS PROSPECTUS OR IN ANY PROSPECTUS SUPPLEMENT, AND, IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY OR ANY UNDERWRITER, DEALER OR AGENT. THIS PROSPECTUS AND ANY PROSPECTUS SUPPLEMENT DO NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY CERTIFICATES IN ANY JURISDICTION TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER IN SUCH JURISDICTION.

NEITHER THE DELIVERY OF THIS PROSPECTUS OR ANY PROSPECTUS SUPPLEMENT NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE THE DATE HEREOF OR THEREOF OR THAT THE INFORMATION CONTAINED OR INCORPORATED BY REFERENCE HEREIN OR THEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THIS DATE.

TABLE OF CONTENTS

<TABLE> <CAPTION>		PAGE
<S>		----
PROSPECTUS		<C>
Available Information		2
Reports to Certificateholders by the		
Trustee		2
Documents Incorporated by Reference		2
Glossary		2
The Company		3
Ratios of Earnings to Fixed Charges		3
Formation of the Trusts		3
Use of Proceeds		4
Description of the Certificates		4
Description of the Equipment Notes		15
Federal Income Tax Consequences		19
Certain Delaware Taxes		22
ERISA Considerations		23
Plan of Distribution		23
Legal Opinions		24
Experts		25
Glossary of Certain Terms		A-1

</TABLE>

SOUTHWEST AIRLINES CO.

PASS THROUGH CERTIFICATES
PROSPECTUS

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

<TABLE> <S>		<C>
Securities and Exchange Commission Registration Fee		\$
137,950		
Trustee's Fees and Expenses		
30,000		
Printing and Engraving Expenses		
50,000		
Rating Agency Fees		
240,000		
Accountants' Fees and Expenses		
60,000		
Blue Sky and Legal Fees and Expenses		

150,000	
Miscellaneous	
32,050	
---	-----
Total	\$
700,000	
=====	
</TABLE>	

All amounts are estimated except for the registration fee.

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Article VIII, Section 1 of Registrant's Bylaws provides as follows:

"Right to Indemnification: Subject to the limitations and conditions as provided in this Article VIII, each person, who was or is made a party to, or is threatened to be made a party to, any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitratve or investigative (hereinafter called a "proceeding"), or any appeal in such a proceeding or any inquiry or investigation that could lead to such a proceeding, by reason of the fact that he (or a person of whom he is the legal representative) is or was a director or officer of the corporation (or while a director or officer of the corporation is or was serving at the request of the corporation as a director, officer, partner, venturer, proprietor, trustee, employee, agent, or similar functionary of another foreign or domestic corporation, partnership, joint venture, proprietorship, trust, employee benefit plan, or other enterprise) shall be indemnified by the corporation to the fullest extent permitted by the Texas Business Corporation Act, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the corporation to provide broader indemnification rights than said law permitted the corporation to provide prior to such amendment) against judgments, penalties (including excise and similar taxes and punitive damages), fines, settlements and reasonable expenses (including, without limitation, court costs and attorneys' fees) actually incurred by such person in connection with such proceeding, appeal, inquiry or investigation, and indemnification under this Article VIII shall continue as to a person who has ceased to serve in the capacity which initially entitled such person to indemnity hereunder; provided, however, that in no case shall the corporation indemnify any such person (or the legal representative of any such person) otherwise than for his reasonable expenses, in respect of any proceeding (i) in which such person shall have been finally adjudged by a court of competent jurisdiction (after exhaustion of all appeals therefrom) to be liable on the basis that personal benefit was improperly received by him, whether or not the benefit resulted from an action taken in such person's official capacity, or (ii) in which such person shall have been found liable to the corporation; and provided, further, that the corporation shall not indemnify any such person for his reasonable expenses actually incurred in connection with any proceeding in which he shall have been found liable for willful or intentional misconduct in the performance of his duty to the corporation. The

II-1

rights granted pursuant to this Article VIII shall be deemed contract rights, and no amendment, modification or repeal of this Article VIII shall have the effect of limiting or denying any such rights with respect to actions taken or proceedings arising prior to any such amendment, modification or repeal. It is expressly acknowledged that the indemnification provided in this Article VIII could involve indemnification for negligence or under theories of strict liability."

Article Ten of the Company's Articles of Incorporation provides that a director of the corporation shall not be liable to the corporation or its shareholders for monetary damages for an act or omission in the director's capacity as a director, subject to certain limitations.

Article 2.02-1 B. of the Texas Business Corporation Act provides that, subject to certain limitations, "a corporation may indemnify a person who was, is, or is threatened to be made a named defendant or respondent in a proceeding because the person is or was a director only if it is determined in accordance with Section F of this article that the person: (1) conducted himself in good faith; (2) reasonably believed: (a) in the case of conduct in his official capacity as a director of the corporation, that his conduct was in the corporation's best interests; and (b) in all other cases, that his conduct was at least not opposed to the corporation's best interests; and (3) in the case of any criminal proceeding, had no reasonable cause to believe his conduct was unlawful."

The Company also maintains directors' and officers' liability insurance.

The forms of Underwriting Agreement filed as Exhibits 1.1 and 1.2 to this Registration Statement provide for indemnification of directors and officers of the Company against certain liabilities.

ITEM 16. EXHIBITS.

<TABLE>	
<S>	<C>
1.1	Form of Underwriting Agreement for Debt Securities (incorporated by reference to Exhibit 1 to the Company's Registration Statement on Form S-3 (File No. 33-50930)).
1.2	Form of Underwriting Agreement for Pass Through Certificates (incorporated by reference to Exhibit 1 to the Company's Registration Statement on Form S-3 (File No. 33-59018)).
4.1	Form of Indenture between the Company and relating to Debt Securities.
4.2	Pass Through Trust Agreement, dated as of February 1, 1993, between Southwest and Wilmington Trust Company (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-3 (File No. 33-59018)).
5.1	Opinion of Deborah Ackerman, Associate General Counsel of Southwest, re legality of Pass Through Certificates being registered.
5.2	Opinion of Deborah Ackerman, Associate General Counsel of Southwest, re legality of Debt Securities being registered (to be filed by amendment).
5.3	Opinion of Potter, Anderson & Corroon relating to Pass Through Certificates.
8	Tax opinion of Vinson & Elkins L.L.P.
12	Statement re computation of ratios of earnings to fixed charges (incorporated by reference to Exhibit 12 to the Company's Current Report on Form 8-K dated February 27, 1995 (File No. 1-7259)).
23.1	Consent of Independent Auditors.
</TABLE>	

II-2

<TABLE>	
<S>	<C>
23.2	Consent of Deborah Ackerman, Associate General Counsel of Southwest (contained in the opinions filed as Exhibits 5.1 and 5.2 hereto respectively).
23.3	Consent of Potter, Anderson & Corroon (contained in the opinion filed as Exhibit 5.3 hereto).
24	Powers of Attorney from the Company's directors.
25.1	Form T-1 Statement of Eligibility and Qualification under the Trust Indenture Act of 1939 of , as Trustee under the Debt Securities (to be filed by amendment).
25.2	Form T-1 Statement of Eligibility and Qualification under the Trust Indenture Act of 1939 of Wilmington Trust Company, as Trustee under the Pass Through Trust Agreement.
</TABLE>	

ITEM 17. UNDERTAKINGS.

A. The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) to include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement;

(iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

provided, however, that paragraphs (A)(1)(i) and (A)(1)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the

termination of the offering.

B. The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

II-3

C. Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

II-4

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned thereunto duly authorized in the City of Dallas, State of Texas on May 3, 1995.

SOUTHWEST AIRLINES CO.

By /s/ Gary C.Kelly
Gary C. Kelly
Vice President-Finance,
Chief Financial Officer

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities indicated on May 3, 1995.

<TABLE>

<CAPTION>

Signature -----	Capacity -----
<S>	<C>
/s/ Herbert D. Kelleher ----- Herbert D. Kelleher	Chairman of the Board of Directors, President and Chief Executive Officer
/s/ Gary C. Kelly ----- Gary C. Kelly	Vice President-Finance (Chief Financial and Accounting Officer)
* ----- Samuel E. Barshop	Director
* ----- Gene H. Bishop	Director
----- William P. Hobby	Director
* ----- Travis C. Johnson	Director

* ----- R. W. King	Director
* ----- C. Webb Crockett	Director
* ----- June M. Morris	Director
* ----- Walter M. Mischer, Sr.	Director
*By:/s/ Gary C. Kelly ----- Gary C. Kelly Attorney-in-Fact </TABLE>	

II-5
INDEX TO EXHIBITS

<TABLE>		<S>	<C>
Debt	1.1	Form of Underwriting Agreement for Debt Securities (incorporated by reference to Exhibit 1 to the Company's Registration Statement on Form S-3 (File No. 33-50930)).	
	1.2	Form of Underwriting Agreement for Pass Through Certificates (incorporated by reference to Exhibit 1 to the Company's Registration Statement on Form S-3 (File No. 33-59018)).	
Statement	4.1	Form of Indenture between the Company and	relating to
	4.2	Securities. Pass Through Trust Agreement, dated as of February 1, 1993, between Southwest and Wilmington Trust Company (incorporated by reference to Exhibit 4.1 to the Company's Registration	
by	5.1	on Form S-3 (File No. 33-59018)). Opinion of Deborah Ackerman, Associate General Counsel of Southwest, re legality of Pass Through Certificates being registered.	
	5.2	Opinion of Deborah Ackerman, Associate General Counsel of Southwest, re legality of Debt Securities being registered (to be filed by amendment).	
	5.3	Opinion of Potter, Anderson & Corroon relating to Pass Through Certificates.	
	8	Tax opinion of Vinson & Elkins L.L.P.	
	12	Statement re computation of ratios of earnings to fixed charges (incorporated by reference to Exhibit 12 to the Company's Current Report on Form 8-K dated February 27, 1995 (File No. 1-7259)).	
	23.1	Consent of Independent Auditors.	
	23.2	Consent of Deborah Ackerman, Associate General Counsel of Southwest (contained in the opinions filed as Exhibits 5.1 and 5.2 hereto respectively).	
	23.3	Consent of Potter, Anderson & Corroon (contained in the opinion filed as Exhibit 5.3 hereto).	
	24	Powers of Attorney from the Company's directors.	
	25.1	Form T-1 Statement of Eligibility and Qualification under the Trust Indenture Act of 1939 of	, as Trustee under the Debt Securities (to be filed
		amendment).	
	25.2	Form T-1 Statement of Eligibility and Qualification under the Trust Indenture Act of 1939 of Wilmington Trust Company, as Trustee under the Pass Through Trust Agreement.	
</TABLE>			

SOUTHWEST AIRLINES CO.

AND

 TRUSTEE

 INDENTURE

Dated as of _____, 1995

 Reconciliation and Tie Sheet*
 between
 Provisions of the Trust Indenture Act of 1939
 and
 Indenture, Dated as of _____, 1995,
 between
 Southwest Airlines Co.
 and

<TABLE> <CAPTION> Section of Act <S>	Section of Indenture <C>
310 (a) (1)	6.09
310 (a) (2)	6.09
310 (a) (3)	Inapplicable
310 (a) (4)	Inapplicable
310 (a) (5)	6.09
310 (b)	6.08, 6.10 (b)
310 (c)	Inapplicable
311 (a)	6.13
311 (b)	6.13
311 (c)	Inapplicable
312 (a)	4.01, 4.02 (a)
312 (b)	4.02 (b)
312 (c)	4.02 (c)
313 (a)	4.04 (a)
313 (b) (1)	Inapplicable
313 (b) (2)	4.04 (b)
313 (c)	4.04 (c)
313 (d)	4.04 (d)
314 (a) (1)	4.03 (a)
314 (a) (2)	4.03 (b)
314 (a) (3)	4.03 (c)
314 (a) (4)	4.03 (d)
314 (b)	Inapplicable
314 (c) (1)	13.05
314 (c) (2)	13.05
314 (c) (3)	Inapplicable
314 (d)	Inapplicable
</TABLE>	

* This Reconciliation and Tie Sheet is not a part of the Indenture.

<TABLE> <CAPTION> Section of Act <S>	Section of Indenture <C>
--	--------------------------------

314 (e)	13.05
314 (f)	Omitted
315 (a) (1)	6.01
315 (a) (2)	6.02
315 (b)	5.07
315 (c)	6.01
315 (d)	6.01, 5.06
315 (e)	5.08
316 (a) (1)	5.06, 7.04
316 (a) (2)	Omitted
316 (b)	5.04
316 (c)	5.02
317 (a)	5.02
317 (b)	3.04 (a)
318 (a)	13.07

</TABLE>

TABLE OF CONTENTS

<TABLE>
<CAPTION>

<S>	Page
PARTIES	<C> 1

RECITALS:

Purpose of Indenture	1
Compliance with Legal Requirements	1
Purpose of and Consideration for Indenture	1

ARTICLE ONE
DEFINITIONS

SECTION 1.01. Certain Terms Defined.	1
Affiliate	2
Bankruptcy Code	2
Board of Directors	2
Business Day	2
Commission	2
Company	2
Depository	2
Event of Default	2
Global Security	2
Indenture	3
Interest	3
Officers' Certificate	3
Opinion of Counsel	3
Original Issue Discount Security	3
Outstanding	3
Paying Agent	4
Responsible Officer	4
Security or Securities	4
Securityholder; registered holder	4
Subsidiary	4
Trustee; principal office	4
Trust Indenture Act of 1939	5
Yield to Maturity	5

SECTION 1.02. References are to Indenture.	5
--	---

</TABLE>

ARTICLE TWO
ISSUE, DESCRIPTION, EXECUTION, REGISTRATION AND
EXCHANGE OF SECURITIES

<TABLE>	
<S>	<C>
SECTION 2.01. Forms Generally.	5
SECTION 2.02. Form of Trustee's Certificate of Authentication.	5
SECTION 2.03. Amount Unlimited; Issuable in Series.	6
SECTION 2.04. Authentication and Delivery of Securities.	7
SECTION 2.05. Execution of Securities.	8
SECTION 2.06. Exchange of Securities	9
SECTION 2.07. Temporary Securities.	10
SECTION 2.08. Mutilated, Destroyed, Lost or Stolen Securities	11
SECTION 2.09. Cancellation of Surrendered Securities.	12
SECTION 2.10. Securities in Global Form.	12

ARTICLE THREE
PARTICULAR COVENANTS OF THE COMPANY

SECTION 3.01.	Payment of Principal of (and Premium, if Any) and Interest on Securities	13
SECTION 3.02.	Maintenance of Office or Agency for Registration of Transfer, Exchange and Payment of Securities	13
SECTION 3.03.	Appointment to Fill a Vacancy in the Office of Trustee.	13
SECTION 3.04.	Provision as to Paying Agent.	14
SECTION 3.05.	Maintenance of Corporate Existence.	15
SECTION 3.06.	Officers' Certificate as to Default.	15
SECTION 3.07.	Further Assurance.	15

-ii-

ARTICLE FOUR
SECURITYHOLDERS' LISTS AND REPORTS BY
THE COMPANY AND THE TRUSTEE

<TABLE>		
<S>	<C>	<C>
SECTION 4.01.	Company to Furnish Trustee Information as to Names and Addresses to Securityholders.	15
SECTION 4.02.	Preservation and Disclosure of Lists.	16
SECTION 4.03.	Reports by the Company.	16
SECTION 4.04.	Reports by the Trustee.	17

ARTICLE FIVE
REMEDIES OF THE TRUSTEE AND SECURITYHOLDERS
ON EVENT OF DEFAULT

SECTION 5.01.	Events of Default Defined; Acceleration of Maturity; Waiver of Default.	18
SECTION 5.02.	Payment of Securities on Default; Suit Therefor.	20
SECTION 5.03.	Application of Moneys Collected by Trustee.	22
SECTION 5.04.	Limitation on Suits by Holders of Securities.	22
SECTION 5.05.	Proceedings by Trustee; Remedies Cumulative and Continuing.	23
SECTION 5.06.	Rights of Holders of Majority in Principal Amount of Securities to Direct Trustee and to Waive Defaults.	24
SECTION 5.07.	Trustee to Give Notice of Defaults Known to It, But May Withhold in Certain Circumstances.	24

ARTICLE SIX
CONCERNING THE TRUSTEE

SECTION 6.01.	Duties and Responsibilities of Trustee.	25
SECTION 6.02.	Reliance on Documents, Opinions, etc.	26
SECTION 6.03.	No Responsibility for Recitals, etc.	27
SECTION 6.04.	Trustee, Paying Agent or Security Registrar May Own Securities.	28

-iii-

<TABLE>		
<S>	<C>	<C>
SECTION 6.05.	Moneys Received by Trustee to be Held in Trust Without Interest.	28
SECTION 6.06.	Compensation and Expenses of Trustee.	28
SECTION 6.07.	Right of Trustee to Rely on Officers' Certificate Where No Other Evidence Specifically Prescribed.	28
SECTION 6.08.	Conflicting Interest of Trustee.	29
SECTION 6.09.	Requirements for Eligibility of Trustee.	29

SECTION 6.10.	Resignation or Removal of Trustee.	29
SECTION 6.11.	Acceptance by Successor to Trustee; Notice of Succession of a Trustee.	31
SECTION 6.12.	Successor to Trustee by Merger, Consolidation or Succession to Business.	32
SECTION 6.13.	Limitations on Rights of Trustee as a Creditor.	32
ARTICLE SEVEN CONCERNING THE SECURITYHOLDERS		
SECTION 7.01.	Evidence of Action by Securityholders.	32
SECTION 7.03.	Who May be Deemed Owners of Securities.	33
SECTION 7.04.	Securities Owned by Company or Controlled or Controlling Persons Disregarded for Certain Purposes.	33
SECTION 7.05.	Record Date for Action by Securityholders.	34
SECTION 7.06.	Instruments Executed by Securityholders Bind Future Holders.	34
ARTICLE EIGHT SECURITYHOLDERS' MEETINGS		
SECTION 8.01.	Purposes for Which Meetings May be Called.	35
SECTION 8.02.	Manner of Calling Meetings; Record Date.	35
SECTION 8.03.	Call of Meeting by Company or Securityholders.	36
</TABLE>		
-iv-		
<TABLE>		
<S>		
SECTION 8.04.	Who May Attend and Vote at Meetings.	36
SECTION 8.05.	Regulations.	36
SECTION 8.06.	Manner of Voting at Meetings and Record to be Kept.	37
SECTION 8.07.	Exercise of Rights of trustee and Securityholders Not to be Hindered or Delayed.	38
SECTION 8.08.	Written Consent in Lieu of Meeting of Securityholders.	38
ARTICLE NINE SUPPLEMENTAL INDENTURES		
SECTION 9.01.	Purposes for Which Supplemental Indentures May be Entered into Without Consent of Securityholders.	38
SECTION 9.02.	Modification of Indenture with Consent of Holders of 66-2/3% in Principal Amount of Securities.	39
SECTION 9.03.	Effect of Supplemental Indentures.	40
SECTION 9.04.	Securities May Bear Notation of Changes by Supplemental Indentures.	41
SECTION 9.05.	Opinion of Counsel.	41
ARTICLE TEN CONSOLIDATION, MERGER AND SALE		
SECTION 10.01.	Company May Consolidate, etc., on Certain Terms.	41
SECTION 10.02.	Successor Corporation to be Substituted.	42
ARTICLE ELEVEN SATISFACTION AND DISCHARGE OF INDENTURE; UNCLAIMED MONEYS		
SECTION 11.01.	Satisfaction and Discharge of Indenture.	43
SECTION 11.02.	Application by Trustee of Funds Deposited for Payment of Securities.	44
</TABLE>		

<TABLE>		
<S>	<C>	<C>
SECTION 11.03.	Repayment of Moneys Held by Paying Agent.	44
SECTION 11.04.	Repayment of Moneys Held by Trustee.	44
SECTION 11.05.	Satisfaction, Discharge and Defeasance of Securities of any Series.	44
	ARTICLE TWELVE	
	IMMUNITY OF INCORPORATORS, SHAREHOLDERS	
	OFFICERS AND DIRECTORS	
SECTION 12.01.	Incorporators, Shareholders, Officers and Directors of Company	
	Exempt from Individual Liability.	46
	ARTICLE THIRTEEN	
	MISCELLANEOUS PROVISIONS	
SECTION 13.01.	Successors and Assigns of Company Bound by Indenture.	47
SECTION 13.02.	Acts of Board, Committee or Officer of Successor Corporation	
	Valid.	47
SECTION 13.03.	Required Notices or Demands May be Served by Mail; Waiver.	47
SECTION 13.04.	Indenture and Securities to be Construed in Accordance with the Laws	
	of the State of Texas.	48
SECTION 13.05.	Evidence of Compliance with Conditions Precedent.	48
SECTION 13.06.	Payments Due on Saturdays, Sundays, and Holidays.	49
SECTION 13.07.	Provisions Required by Trust Indenture Act of 1939 to Control.	49
SECTION 13.08.	Provisions of the Indenture and Security for the Sole Benefit of the	
	Parties and the Securityholders.	49
SECTION 13.09.	Indenture May be Executed in Counterparts.	49
SECTION 13.10.	Article and Section Headings.	49
SECTION 13.11.	Severability.	50
</TABLE>		

-vi-

ARTICLE FOURTEEN
REDEMPTION OF SECURITIES AND SINKING FUNDS

<TABLE>		
<S>	<C>	<C>
SECTION 14.01.	Applicability of Article.	50
SECTION 14.02.	Notice of Redemption; Partial Redemptions.	50
SECTION 14.03.	Payment of Securities Called for Redemption.	51
SECTION 14.04.	Exclusion of Certain Securities from Eligibility for Selection for	
	Redemption.	52
SECTION 14.05.	Mandatory and Optional Sinking Funds.	52
</TABLE>		

-vii-

THIS INDENTURE, dated as of _____, 1995, between Southwest Airlines Co., a corporation duly organized and existing under the laws of the State of Texas (hereinafter sometimes referred to as the "Company"), party of the first part, and _____, (hereinafter sometimes referred to as the "Trustee"), party of the second part;

WITNESSETH:

WHEREAS, for its lawful corporate purposes, the Company has duly authorized the issue from time to time of its debentures, notes or other unsecured evidences of indebtedness, which are to be issued in one or more series (the "Securities"), each such series ranking pari passu with each other series, as unsecured obligations of the Company, up to such principal amount or amounts as may from time to time be authorized in accordance with the terms of this

Indenture; and to provide, among other things, for the authentication, delivery and administration thereof, the Company has duly authorized the execution of this Indenture; and

WHEREAS, all acts and things necessary to make the Securities, when executed by the Company and authenticated and delivered by the Trustee as in this Indenture provided, the valid, binding and legal obligations of the Company, and to constitute these presents a valid indenture and agreement according to its terms, have been done and performed, and the execution of this Indenture and the issue hereunder of the Securities have in all respects been duly authorized, and the Company, in the exercise of the legal right and power vested in it, executes this Indenture and proposes to make, execute, issue and deliver the Securities;

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

That in order to declare the terms and conditions upon which the Securities are authenticated, issued, delivered and held, and in consideration of the premises, of the purchase and acceptance of the Securities by the holders thereof and of the sum of one dollar to it duly paid by the Trustee at the execution of these presents, the receipt whereof is hereby acknowledged, the Company covenants and agrees with the Trustee, for the benefit of the respective holders from time to time of the Securities, as follows:

ARTICLE ONE

DEFINITIONS

SECTION 1.01. Certain Terms Defined. The terms defined in this Section 1.01 (except as otherwise expressly provided or unless the context otherwise requires), for all purposes of this Indenture and of any indenture supplemental hereto, shall have the respective meanings specified in this Section 1.01. All other terms used in this Indenture that are defined in the Trust Indenture Act of 1939, as amended, or that are by reference therein defined in the Securities Act of 1933, as amended (except as herein otherwise expressly provided or unless the context otherwise requires), shall have the meanings assigned to such terms in said Trust Indenture Act and in said Securities Act as they were in force at the date of the execution of this Indenture, unless said Trust Indenture Act or said Securities Act expressly provide for application of such statutes as of another date.

Affiliate: The term "Affiliate" shall mean any person directly or indirectly controlling, controlled by, or under direct or indirect common control with, the Company.

Bankruptcy Code: The term "Bankruptcy Code" shall mean Title 11, U.S. Code, or any similar federal or state law for the relief of debtors.

Board of Directors: The term "Board of Directors," when used with reference to the Company, shall mean the Board of Directors of the Company or the Executive Committee of the Board of Directors of the Company.

Business Day: The term "business day" shall mean, with respect to any Security, a day other than a Saturday, a Sunday or a day that shall be in the city (or in any of the cities, if more than one), in which amounts are payable, as specified on the face of the form of such Security, a day on which banking institutions are authorized or obligated by law to close.

Commission: The term "Commission" shall mean the Securities and Exchange Commission, as from time to time constituted, created under the Securities Exchange Act of 1934, or if at any time after the execution and delivery of this Indenture such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act of 1939, then the body performing such duties on said date.

Company: The term "Company" shall mean Southwest Airlines Co., a Texas corporation, and, subject to the provisions of Article Ten, shall also include its successors and assigns.

Depository: The term "Depository" shall mean, with respect to the Securities of any series issuable or issued in whole or in part in the form of one or more Global Securities, the person designated as Depository for such series by the Company pursuant to Section 2.03 or otherwise appointed by the Company as a successor to such person in the event such person is unwilling or unable to continue to serve in such capacity.

Event of Default: The term "Event of Default" shall mean any event specified in Section 5.01, continued for the period of time, if any, and after the giving of notice, if any, therein designated.

Global Security: The term "Global Security" shall mean a Security issued in accordance with Section 2.10 evidencing all or part of a series of Securities, which in each case is issued to the Depository for such series, or part of a series, or its nominee and registered in the name of such Depository or nominee.

Indenture: The term "Indenture" shall mean this instrument as originally executed, or, if amended or supplemented as herein provided, as so amended or supplemented or both, and shall include the forms and terms of particular series of Securities established as contemplated hereunder.

Interest: The term "Interest," when used with respect to a non-interest bearing Security, shall mean interest payable after the principal thereof has become due and payable, whether after maturity, by declaration of acceleration, by call for redemption pursuant to a sinking fund, or otherwise.

Officers' Certificate: The term "Officers' Certificate" shall mean a certificate signed by the Chairman of the Board or the President or any Vice Chairman of the Board or any Vice President and by the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary of the Company. Each such certificate shall include the statements provided for in Section 13.05, if and to the extent required by the provisions thereof.

Opinion of Counsel: The term "Opinion of Counsel" shall mean an opinion in writing signed by legal counsel, who may be an employee of, or of counsel to, the Company or may be other counsel. Each such opinion shall include the statements provided for in Section 13.05, if and to the extent required by the provisions thereof.

Original Issue Discount Security: The term "Original Issue Discount Security" shall mean any Security that provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of the maturity thereof pursuant to Section 5.01.

Outstanding: The term "outstanding," when used with reference to Securities, shall, subject to the provisions of Section 7.04, mean, as of any particular time, all Securities authenticated and delivered by the Trustee under this Indenture except:

(a) Securities theretofore canceled by the Trustee or delivered to the Trustee for cancellation;

(b) Securities, or portions thereof, for the payment or redemption of which moneys in the necessary amount shall have been deposited in trust with the Trustee or with any Paying Agent (other than the Company) or shall have been set aside and segregated in trust by the Company for the holders of such Securities (if the Company shall act as its own Paying Agent), provided that if such Securities are to be redeemed prior to the maturity hereof, notice of such redemption shall have been given as herein provided, or provision satisfactory to the Trustee shall have been made for giving such notice, and, if all such Securities are redeemed, such deposit shall be in accordance with Article 11; and

(c) Securities in lieu of or in substitution for which other Securities shall have been authenticated and delivered, or which shall have been paid, pursuant to the terms of Section 2.08, unless proof satisfactory to the Trustee is presented that any such Securities are held by a person in whose hands such Security is a legal, valid and binding obligation of the Company.

In determining whether the holders of the requisite principal amount of outstanding Securities of any or all series have given any request, demand, authorization, direction, notice, consent or waiver hereunder, the principal amount of an Original Issue Discount Security that shall be deemed to be outstanding for such purposes shall be the amount of the principal thereof that would be due and payable as of the date of such determination upon a declaration of acceleration of the maturity thereof pursuant to Section 5.01.

Paying Agent: Any person authorized by the Company to pay the principal of, premium, if any, or interest on any securities on behalf of the Company.

Responsible Officer: The term "Responsible Officer," when used with respect to the Trustee, shall mean any officer within the corporate trust and agency group or department of the Trustee, including any Vice President, any trust officer or any other officer of the Trustee performing functions similar to those performed by any of the above-designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

Security or Securities: The term "Security" or "Securities" shall mean any Security or Securities, as the case may be, authenticated and delivered under this Indenture.

Securityholder; registered holder: The term "securityholder," "holder of Securities," "registered holder," "noteholder" or other similar term, shall mean any person who shall at the time be the registered holder of any Security or Securities on the books of the Company kept for that purpose in accordance with the provisions of the Indenture and shall also mean the executors, administrators and other legal representatives of such person.

Subsidiary: The term "Subsidiary" shall mean any corporation or other entity at least a majority of the outstanding voting shares of which is at the time directly or indirectly owned or controlled (either alone or through Subsidiaries or together with Subsidiaries) by the Company or another Subsidiary.

Trustee; principal office: The term "Trustee" shall mean _____, and, subject to the provisions of Article Six, shall also include its successors. The term "principal office" of the Trustee shall mean the principal office of the Trustee in the City of _____, at which at any particular time its corporate trust business may be administered, which office at the date of execution of this Indenture is _____, except that with respect to the presentation of Securities for payment or for registration of transfer or

- 4 -

exchange, such term shall mean such office or agency of the Trustee at which at any particular time its corporate trust business shall be conducted.

Trust Indenture Act of 1939: The term "Trust Indenture Act of 1939" shall mean the Trust Indenture Act of 1939, as amended, as in effect on the date of this Indenture, except as provided in section 9.01 or 9.02 and except to the extent that any subsequent amendment to the Trust Indenture Act of 1939 shall retroactively apply to this instrument.

Yield to Maturity: The term "Yield to Maturity" shall mean the yield to maturity on a series of Securities, calculated at the time of the issuance of such series, or, if applicable, at the most recent redetermination of interest on such series, and calculated in accordance with accepted financial practice.

SECTION 1.02. References are to Indenture. Unless the context otherwise requires, all references herein to "Articles," "Sections" and other subdivisions refer to the corresponding Articles, Sections and other subdivisions of this Indenture, and the words "herein," "hereof," "hereby," "hereunder" and words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision hereof.

ARTICLE TWO

ISSUE, DESCRIPTION, EXECUTION, REGISTRATION AND EXCHANGE OF SECURITIES

SECTION 2.01. Forms Generally. The Securities of each series shall be substantially in the form (not inconsistent with this Indenture) as shall be established by the Board of Directors or in one or more indentures supplemental hereto, in each case with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture, and in case such form is not established by supplemental indenture, such form shall be approved by the Trustee if the Trustee's rights or obligations are adversely affected thereby and may have imprinted or otherwise reproduced thereon such legend or legends, not inconsistent with the provisions of this Indenture, as may be required to comply with any law or with any rules or regulations pursuant thereto, or with any rules of any securities exchange or to conform to general usage, consistently herewith, all as may be determined by the officer executing such Securities, as evidenced by his execution of the Securities.

The definitive Securities shall be printed, lithographed or engraved on steel engraved borders or, with the consent of the Trustee, may be produced in any other manner, all as determined by the officer executing such Securities, as evidenced by his execution of such Securities.

SECTION 2.02. Form of Trustee's Certificate of Authentication. The Trustee's certificate of authentication of all Securities shall be in substantially the following form:

This is one of the Securities of the series designated herein referred to in the within-mentioned Indenture.

_____, as Trustee

By: _____

Authorized Signatory

SECTION 2.03. Amount Unlimited; Issuable in Series. The aggregate principal amount of Securities that may be authenticated and delivered under this Indenture is unlimited.

The Securities may be issued in one or more series. There shall be established by the Board of Directors and set forth in an Officers' Certificate or established in one or more indentures supplemental hereto, prior to the issuance of Securities of any series, the following terms, which terms shall be approved by the Trustee if the Trustee's rights or obligations are adversely affected thereby, and thereafter such terms shall be deemed to be a part of this Indenture:

(1) the title of the Securities of the series (which shall distinguish the Securities of the series from all other Securities);

(2) any limit upon the aggregate principal amount of the Securities or the series that may be authenticated and delivered under this Indenture (except for Securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Securities of the series pursuant to Sections 2.06, 2.07, 2.08, 5.03, 9.04 and Article Fourteen);

(3) the date or dates on which the principal of the Securities of the series is payable;

(4) the rate or rates, or method by which the rate or rates are determined, at which the Securities of the series shall bear interest, if any, the date or dates from which such interest shall accrue, the interest payment dates on which such interest shall be payable and the record dates for the determination of holders to whom interest is payable;

(5) the offices or agencies of the Company in the United States of America where the principal of and any interest on Securities of the series shall be payable;

(6) the price or prices at which, the period or periods within which and the terms and conditions upon which Securities of the series may be redeemed, in whole or in part, at the option of the Company, pursuant to any sinking fund or otherwise;

(7) the obligation, if any, of the Company to redeem, purchase or repay Securities of the series pursuant to any sinking fund or analogous provisions or at the option of a holder thereof and the price or prices at which and the period or periods within which and the terms and conditions upon which Securities of the series shall be redeemed, purchased or repaid, in whole or in part, pursuant to such obligation;

(8) if other than denominations of \$1,000 and any multiple thereof, the denominations in which Securities of the series shall be issuable;

(9) if other than the principal amount thereof, the portion of the principal amount of Securities of the series that shall be payable upon declaration of acceleration of the maturity thereof or provable in bankruptcy;

(10) any trustees, authenticating or Paying Agents, warrant agents, transfer agents or registrars with respect to the Securities of such series;

(11) the applicability, if any, of Section 11.05 to such series;

(12) whether the Securities of the series shall be issued in whole or in part in the form of one or more Global Securities and, in such case, the Depositary for such Global Security or Securities, which Depositary shall be a clearing agency registered under the Securities Exchange Act of

1934, as amended; and

(13) any other terms of the series (which terms shall not be inconsistent with the provisions of this Indenture), including any additional covenants with respect to such series.

All Securities of any one series shall be substantially identical except as to denomination and except as may otherwise be provided by the Board of Directors and set forth in such Officers' Certificate or as may be otherwise provided in any such indenture supplemental hereto.

SECTION 2.04. Authentication and Delivery of Securities. At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Securities of any series executed by the Company to the Trustee for authentication, and the Trustee shall thereupon authenticate and deliver said Securities to or upon the written order of the Company, signed on behalf of the Company by its Chairman of the Board or its President or a Vice Chairman of the Board or a Vice President and attested to by its Secretary or an Assistant Secretary or by its Treasurer or an Assistant Treasurer, without any further action by the Company. In authenticating such Securities and accepting the additional responsibilities

- 7 -

under this Indenture in relation to such Securities, the Trustee shall be entitled to receive, and (subject to Section 6.01) shall be fully protected in relying upon:

(1) certified copies of the Articles of Incorporation and bylaws of the Company (or an Officers' Certificate with respect to any amendment thereto) and of any resolutions of the Board of Directors authorizing the action taken pursuant to the resolutions delivered pursuant to clause (2) below;

(2) a copy of any resolutions of the Board of Directors relating to such Securities, in each case certified by the Secretary or an Assistant Secretary of the Company;

(3) an executed supplemental indenture, if any;

(4) an Officers' Certificate setting forth the form or forms and terms of the Securities under Sections 2.01 and 2.03, respectively, and stating that no Event of Default then exists and, in the case of a series of Original Issue Discount Securities, the Yield to Maturity of such series; and

(5) an Opinion of Counsel, which shall state

(a) that the form or forms and terms of such Securities have been established by the Board of Directors or by a supplemental indenture as permitted by, and in conformity with, the provisions of this Indenture;

(b) that such Securities, when authenticated and delivered by the Trustee and issued by the Company in the manner and subject to any conditions specified in such Opinion of Counsel, will constitute valid, binding and enforceable obligations of the Company;

(c) that all laws and requirements in respect of the execution and delivery by the Company of the Securities have been complied with; and

(d) such other matters as the Trustee may reasonably request.

The Trustee shall have the right to decline to authenticate and deliver any Securities under this Section if the Trustee, being advised by counsel, determines that such action may not lawfully be taken by the Company or if the Trustee in good faith shall determine that such action would expose the Trustee to personal liability to existing Securityholders.

SECTION 2.05. Execution of Securities. The Securities shall be signed on behalf of the Company, manually or in facsimile, by its Chairman of the Board or its President or a Vice Chairman of the Board or a Vice President under its corporate seal (which may be in

- 8 -

facsimile) reproduced thereon and attested, annually or in facsimile, by its Secretary or an Assistant Secretary or its Treasurer or an Assistant Treasurer. Typographical and other minor errors or defects in any such reproduction of the

seal or any such signature shall not affect the validity or enforceability of any Security that has been duly authorized and delivered by the Trustee.

In case any officer of the Company whose signature appears on any of the Securities, annually or in facsimile, shall cease to be such officer before such Securities so signed shall have been authenticated and delivered by the Trustee, or disposed of by the Company, such Securities nevertheless may be authenticated and delivered by the Trustee, or disposed of by the Company, such Securities nevertheless may be authenticated and delivered or disposed of as though the person whose signature appears on such Securities had not ceased to be such officer of the Company; and any Security may be signed and the corporate seal reproduced thereon may be attested, on behalf of the Company, annually or in facsimile, by such persons as, at the actual date of the execution of such Security, shall be the proper officers of the Company, although at the date of the execution of this Indenture any such person was not such officer.

Only such Securities as shall bear thereon a certificate of authentication substantially in the form hereinbefore receipted, signed manually by an authorized signatory of the Trustee, shall be entitled to the benefits of this Indenture or be valid or obligatory for any purpose. Such certificate by the Trustee upon any Security executed by the Company shall be conclusive evidence that the Security so authenticated has been duly authenticated and delivered hereunder and that the holder is entitled to the benefits of this Indenture.

SECTION 2.06. Exchange of Securities. Securities of any series may be exchanged for a like aggregate principal amount of Securities of the same series in other authorized denominations. The Securities of any series to be exchanged shall be surrendered at the offices or agencies to be maintained by the Company in accordance with the provisions of Section 3.02, and the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor the Security or Securities that the Securityholder making the exchange shall be entitled to receive.

The Company shall keep, at one of the offices or agencies to be maintained by the Company in accordance with the provisions of Section 3.02, a register or registers in which, subject to such reasonable regulations as it or the Securities registrar may prescribe, the Company shall register Securities and shall register the transfer of Securities as in this Article Two provided. Upon surrender for registration of transfer of any Security at such office or agency, the Company shall execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees a new Security or Securities of the same series that the Securityholder making the exchange shall be entitled to receive, for a like aggregate principal amount.

- 9 -

All Securities presented or surrendered for exchange, registration of transfer, redemption or payment shall, if so required by the Company or the Trustee, be duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Company and the Trustee, duly executed by the registered holder or by his attorney who shall be so duly authorized in writing.

No service charge shall be made for any exchange or registration of transfer of Securities, but the Company or the Securities registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto.

The Company shall not be required to exchange or register a transfer of (i) any Securities of any series for a period of 15 days next preceding the first mailing of notice of redemption of Securities of such series to be redeemed, or (ii) any Securities selected, called or being called for redemption except, in the case of any Security where public notice has been given that such Security is to be redeemed in part, the portion thereof not so to be redeemed.

Notwithstanding the foregoing, any Global Security shall be exchangeable pursuant to this Section 2.06 for Securities registered in the names of persons other than the Depositary for such Security or its nominee only if (i) such Depositary notifies the Company that it is unwilling or unable to continue as Depositary for such Global Security or if at any time such Depositary ceases to be a clearing agency registered under the Securities Exchange Act of 1934, as amended, and the Company fails to appoint a successor Depositary for such Global Security within 90 days after the Company receives such notice or becomes aware of such event, (ii) the Company executes and delivers to the Trustee written instructions that such Global Security shall be so exchangeable, or (iii) there shall have occurred and be continuing an Event of Default or an event which, with the giving of notice or lapse of time, or both, would constitute an event of Default with respect to the Securities. Any Global Security that is exchangeable pursuant to the preceding sentence shall be exchangeable for Securities registered in such names as the Depositary shall direct.

Except as provided in the immediately preceding paragraph, a Global Security may not be transferred except as a whole by the Depositary with respect to such Global Security to a nominee of such Depositary or by a nominee of such Depositary to such Depositary or another nominee of such Depositary or by such Depositary or any such nominee to a successor of such Depositary or a nominee of such successor.

None of the Company, the Trustee, any Paying Agent or the Security Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests of a Global Security or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

SECTION 2.07. Temporary Securities. Pending the preparation of definitive Securities of any series, the Company may execute and the Trustee authenticate and deliver

- 10 -

temporary Securities of such series (printed, typewritten or otherwise reproduced) of any authorized denomination and substantially in the form of the definitive Securities of such series, but with such omission, insertions and variations as may be appropriate for temporary Securities of such series, all as may be determined by the Company. Temporary Securities of any series may contain reference to any provisions of the Indenture as may be appropriate. Every such temporary Security shall be authenticated by the Trustee upon the conditions and in substantially the same manner, and with the same effect, as the definitive Securities of such series. Without unnecessary delay, the Company will execute and deliver to the Trustee definitive Securities of such series and thereupon any or all temporary Securities of such series may be surrendered in exchange therefor, at the offices or agencies to be maintained by the Company in accordance with the provisions of Section 3.02, and the Trustee shall authenticate and deliver in exchange for such temporary Securities of such series an equal aggregate principal amount of definitive Securities of such series. Until so exchanged, the temporary Securities of such series shall in all respects be entitled to the same benefits under this Indenture as definitive Securities of such series authenticated and delivered hereunder.

SECTION 2.08. Mutilated, Destroyed, Lost or Stolen Securities. In case any temporary or definitive Security of any series shall become mutilated or be destroyed, lost or stolen, the Company, in the case of any mutilated Security of any series shall, and in the case of any destroyed, lost or stolen Security of any series in its discretion may, execute and upon its request the Trustee shall authenticate and deliver, a new Security of the same series bearing a number not contemporaneously outstanding in exchange and substitution for the mutilated Security, or in lieu of and substitution for the Security so destroyed, lost or stolen, or, if any such Security shall have matured or shall be about to mature, instead of issuing a substituted Security, the Company may pay the same without surrender thereof except in the case of a mutilated Security.

In every case the applicant for a substituted Security or for such payment shall furnish to the Company and to the Trustee such security or indemnity as may be required by them to save each of them harmless from all risk, however remote, and, in every case of destruction, loss or theft, the applicant shall also furnish to the Company and to the Trustee evidence to their satisfaction of the destruction, loss or theft of such Security and of the ownership thereof. the Trustee may authenticate any such substituted Security and deliver the same, or the Trustee or any Paying Agent of the Company may make any such payment, upon the written request or authorization of any officer of the Company, and shall incur no liability to anyone by reason of anything done or omitted to be done by it in good faith under the provisions of this Section 2.08. Upon the issue of any substituted Security, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any expenses connected therewith (including the fees and expenses of the Trustee).

Every substituted Security issued pursuant to the provisions of this Section 2.08 in substitution for any destroyed, lost or stolen Securities shall constitute an additional contractual obligation of the Company, whether or not the destroyed, lost or stolen Security shall be found

- 11 -

at any time, and shall be entitled to all the benefits of (but shall be subject to all the limitations of rights set forth in) this Indenture equally and proportionately with any and all other Securities duly issued hereunder.

All Securities shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities, and shall preclude (to the extent lawful) any and all other rights or remedies, notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments or other securities without their surrender.

SECTION 2.09. Cancellation of Surrendered Securities. All Securities surrendered for the purpose of payment, redemption, exchange, substitution or registration of transfer, shall, if surrendered to the Company or any Paying Agent or registrar, be delivered to the Trustee and the same, together with securities surrendered to the Trustee for cancellation, shall be promptly canceled by it, and no Securities shall be issued in lieu thereof except as expressly permitted by any of the provisions of this Indenture. The Trustee shall destroy canceled Securities and shall deliver certificates of destruction thereof to the Company from time to time. If the Company shall purchase or otherwise acquire any of the Securities, however, such purchase or acquisition shall not operate as a payment, redemption or satisfaction of the indebtedness represented by such Securities unless and until the Company, at its option, shall deliver or surrender the same to the Trustee for cancellation.

SECTION 2.10. Securities in Global Form. If Securities of or within a series are issuable in whole or in part in temporary or permanent global form, as specified as contemplated by Section 2.03, then, notwithstanding clause (8) of Section 2.03, any such Security shall represent such of the outstanding Securities of such series as shall be specified therein and may provide that it shall represent the aggregate amount of outstanding Securities from time to time endorsed thereon and that the aggregate amount of outstanding Securities represented thereby may from time to time be reduced to reflect exchanges. Any endorsement of a Security in global form to reflect the amount, or any increase or decrease in the amount, or changes in the rights of holders, of outstanding Securities represented thereby, shall be made by the Trustee in such manner and upon instructions given by such person or persons as shall be specified therein or in the instructions by the Company to be delivered to the Trustee pursuant to Section 2.04 or 2.07. Subject to the provisions of Section 2.04 and, if applicable, Section 2.07, the Trustee shall deliver and redeliver any Security in global form in the manner and upon instructions given by the person or persons specified therein or in the applicable Company instructions. Any instructions by the Company with respect to endorsement or delivery or redelivery of a Security in global form shall be in writing but need not comply with Section 13.05 hereof and need not be accompanied by an Opinion of Counsel.

- 12 -

ARTICLE THREE

PARTICULAR COVENANTS OF THE COMPANY

The Company covenants as follows:

SECTION 3.01. Payment of Principal of (and Premium, if Any) and Interest on Securities. The Company will duly and punctually pay or cause to be paid the principal of (and premium, if any) and interest on each series of the Securities at the respective times and places and in the manner provided in such Securities and this Indenture. Each payment from the Company to the Trustee or to the Paying Agent shall be accompanied by a written notice that designates the series to which such payment relates. As a condition precedent to the payment of any interest on a Security, the Company or the Paying Agent may require the holder of such Security to furnish such evidence as will enable the Company to determine whether it is required by law to deduct or to retain any tax or taxes from the interest so payable. An installment of principal or interest shall be considered paid on the date it is due if the trustee or Paying Agent holds on that date money designated for and sufficient to pay the installment.

SECTION 3.02. Maintenance of Office or Agency for Registration of Transfer, Exchange and Payment of Securities. So long as any of the Securities shall remain outstanding, the Company will maintain an office or agency in the City of Dallas, Texas, where the Securities may be surrendered for exchange or registration of transfer as in this Indenture provided, and where notices and demands to or upon the Company in respect of the Securities or of this Indenture may be served, and where the Securities may be presented or surrendered for payment. The Company will give to the Trustee prompt written notice of the location of any such office or agency and of any change of location thereof. In case the Company shall fail to maintain any such required office or agency or shall fail to give such notice of the location or of any change in the location thereof, such surrenders, presentations and demands may be made and notices may be served at the principal office of the Trustee, and the Company hereby appoints the Trustee its agent to receive at the aforesaid office all such surrenders, presentations, notices and demands.

The Company may from time to time designate one or more other offices or agencies (in or outside of the City of Dallas) where the Securities may be presented or surrendered for any or all such purposes, and may from time to time rescind such designations; provided, however, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in the City of Dallas, for such purposes as stated in this Section. The Company will give prompt written notice to the Trustee of any such designation or rescission and any change in the location of any such office or agency.

SECTION 3.03. Appointment to Fill a Vacancy in the Office of Trustee. The Company, whenever necessary to avoid or fill a vacancy in the office of Trustee, will appoint,

- 13 -

in the manner provided in Section 6.10, a Trustee, so that there shall at all times be a Trustee hereunder.

SECTION 3.04. Provision as to Paying Agent. (a) If the Company shall appoint a Paying Agent other than the Trustee, it will cause such Paying Agent to execute and deliver to the Trustee an instrument in which such agent shall agree with the Trustee, subject to the provisions of this Section 3.04,

(1) that it will hold all sums held by it as such agent for the payment of the principal of (and premium, if any) or interest on any series of Securities (whether such sums have been paid to it by the Company or by any other obligor on such series of Securities) in trust for the benefit of the persons entitled thereto until such sums shall be paid to such persons or otherwise disposed of as herein provided, and

(2) that it will give the Trustee written notice of any failure by the Company (or by any other obligor on any series of Securities) to make any payment of the principal of (and premium, if any) or interest on such series of Securities when the same shall be due and payable; and

(3) at any time during the continuance of an Event of Default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent.

(b) The Company will, prior to each due date of the principal of (and premium, if any) or interest on any series of Securities, deposit with the Paying Agent a sum sufficient to pay the principal (and premium, if any) or interest so becoming due, such sum to be held in trust for the benefit of the holders of such series of Securities entitled to such principal, premium or interest, and (unless such Paying Agent is the Trustee) the Company will promptly notify the Trustee in writing of its failure so to act.

(c) If the Company shall act as its own Paying Agent, it will, on or before each due date of the principal of (and premium, if any) or interest on any series of Securities, set aside, segregate and hold in trust for the benefit of the persons entitled thereto, a sum sufficient to pay such principal (and premium, if any) or interest so becoming due until such sums shall be paid to such persons or otherwise disposed of as herein provided and will promptly notify the Trustee in writing of any such action or failure to take such action.

(d) Anything in this Section 3.04 to the contrary notwithstanding, the Company may, at any time, for the purpose of obtaining a satisfaction and discharge with respect to one or more or all series of Securities hereunder, or for any other reason, but only in accordance with Article 11, pay or cause to be paid to the Trustee or any Paying Agent all sums held in trust for any such series by it, or any Paying Agent hereunder, as required by this Section 3.04, such sums to be held by the Trustee or such Paying Agent upon the trusts herein contained. Upon such

- 14 -

payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

(e) Anything in this Section 3.04 to the contrary notwithstanding, the agreement to hold sums in trust as provided in this Section 3.04 is subject to the provisions of Sections 11.03 and 11.04.

SECTION 3.05. Maintenance of Corporate Existence. Subject to Article 10, the Company will at all times do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence and its

franchise to be a corporation.

SECTION 3.06. Officers' Certificate as to Default. The Company will, so long as any series of Securities is outstanding, deliver to the Trustee, forthwith upon becoming aware of any default or defaults in the performance of any covenant, agreement or condition contained in this Indenture, an Officers' Certificate specifying such default or defaults.

SECTION 3.07. Further Assurance. From time to time whenever reasonably demanded by the Trustee, the Company will make, execute and deliver or cause to be made, executed and delivered any and all such further and other instruments and assurances as may be reasonably necessary or proper to carry out the intention of or to facilitate the performance of the terms of this Indenture or to secure the rights and remedies hereunder of the holders of any series of Securities.

ARTICLE FOUR

SECURITYHOLDERS' LISTS AND REPORTS BY THE Company AND THE TRUSTEE

SECTION 4.01. Company to Furnish Trustee Information as to Names and Addresses to Securityholders. The Company will furnish or cause to be furnished to the Trustee a list in such form as the Trustee may reasonably require containing all information in the possession or control of the Company, or any of its Paying Agents other than the Trustee, as to the names and addresses of the holders of the Securities of each series obtained since the date as of which the next previous list if any, was furnished:

(a) semi-annually, not more than 15 days after each record date for the payment of semi-annual interest on such Securities, as hereinabove specified, as of such record date and not less than once every six months for non-interest bearing Securities in each year, and

(b) at such other times as the Trustee may request in writing, within 30 days after the receipt by the Company of any such request, a list of similar form and content

- 15 -

as of a date not more than 15 days prior to the time such list is furnished; provided, that such list need not include information received after such date,

provided, however, that so long as the Trustee is the Security registrar, no such list shall be required to be furnished.

SECTION 4.02. Preservation and Disclosure of Lists. (a) The Trustee shall preserve, in as current a form as is reasonably practicable, all information as to the names and addresses of the holders of Securities (1) contained in the most recent list furnished to it as provided in Section 4.01 and (2) received by it in the capacity of Paying Agent (if so acting) and Security registrar (if so acting).

The Trustee may destroy any list furnished to it as provided in Section 4.01 upon receipt of a new list so furnished.

(b) Securityholders may communicate pursuant to Section 312(b) of the Trust Indenture Act of 1939 with other Securityholders with respect to their rights under this Indenture or any or all series of the Securities.

(c) Each and every holder of Securities, by receiving and holding the same, agrees with the Company and the Trustee that neither the Company nor the Trustee nor any Paying Agent nor the Security registrar shall be held accountable by reason of the disclosure of any such information as to the names and addresses of the holders of Securities in accordance with the provisions of subsection (b) of this Section 4.02, regardless of the source from which such information was derived, and that the Trustee shall not be held accountable by reason of mailing any material pursuant to a request made under said subsection (b).

SECTION 4.03. Reports by the Company. (a) The Company covenants and agrees to file with the Trustee, within 30 days after the Company is required to file the same with the Commission, copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the Commission may from time to time by rules and regulations prescribe) that the Company may be required to file with the Commission pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934, as amended; or, if the Company is not required to file information, documents or reports pursuant to either of such sections, then to file with the Trustee and the Commission, in accordance with rules and regulations prescribed from time to time by the Commission, such of the supplementary and periodic

information, documents and reports that may be required pursuant to Section 13 of the Securities Exchange Act of 1934, as amended, in respect of a security listed and registered on a national securities exchange as may be prescribed from time to time in such rules and regulations.

(b) The Company covenants and agrees to file with the Trustee and the Securities and Exchange Commission, in accordance with the rules and regulations prescribed from time to

- 16 -

time by the Commission, such additional information, documents, and reports with respect to compliance by the Company with the conditions and covenants provided for in this Indenture as may be required from time to time by such rules and regulations.

(c) The Company covenants and agrees to transmit to the holders of Securities within 30 days after the filing thereof with the Trustee, in the manner and to the extent provided in subsection (c) of Section 4.04 with respect to reports pursuant to subsection (a) of said Section 4.04, such summaries of any information, documents and reports required to be filed by the Company pursuant to subsections (a) and (b) of this Section 4.03 as may be required by rules and regulations prescribed from time to time by the Commission.

(d) The Company covenants and agrees to furnish to the trustee, not less often than annually, a brief certificate from the principal executive officer, principal financial officer or principal accounting officer as to his or her knowledge of the Company's compliance with all conditions and covenants under this Indenture; provided, for purposes of this paragraph, such compliance shall be determined without regard to any period of grace or requirement of notice provided under this Indenture.

SECTION 4.04. Reports by the Trustee. (a) On or before July 14, 1995, and on or before July 14th in every year thereafter, so long as any Securities are outstanding hereunder, if such report is required by the Trust Indenture Act of 1939, the Trustee shall transmit to the Securityholders of each series, as hereinafter in this Section 4.04 provided, a brief report dated as of May 15th of the year in which such report is made that complies with Section 313(a) of the Trust Indenture Act of 1939.

(b) The Trustee shall also comply with Section 313(b)(2) of the Trust Indenture Act of 1939.

(c) Reports pursuant to this Section 4.04 shall be transmitted by mail to all Securityholders, as the names and addresses of such holders appear upon the registry books of the Company and to all other person to whom such reports are required to be transmitted pursuant to Section 313(c) of the Trust Indenture Act of 1939.

(d) A copy of each such report shall, at the time of such transmission to holders of Securities, be filed by the Trustee with each stock exchange upon which the Securities of any applicable series are listed and also with the Commission. The Company will notify the Trustee when and as the Securities of such series become listed on any stock exchange.

- 17 -

ARTICLE FIVE

REMEDIES OF THE TRUSTEE AND SECURITYHOLDERS ON EVENT OF DEFAULT

SECTION 5.01 Events of Default Defined; Acceleration of Maturity; Waiver of Default. In case one or more of the following Events of Default with respect to Securities of any series shall have occurred and be continuing, that is to say:

(a) default in the payment of any installment of interest upon any of the Securities of such series as and when the same shall become due and payable, and continuance of such default for a period of 30 days;

(b) default in the payment of the principal of (and premium, if any, on) any of the Securities of such series as and when the same shall become due and payable either at maturity, by declaration or otherwise;

(c) failure on the part of the Company duly to observe or perform in any material respect any other of the covenants or agreements on the part of the Company in the Securities of such series or contained in this

Indenture for a period of 90 days after the date on which written notice specifying such failure, stating that such notice is a "Notice of Default" hereunder and, requiring the same to be remedied, shall have been given to the Company by the Trustee, or to the Company and the Trustee by the holders of at least 25% in aggregate principal amount of the Securities of such series at the time outstanding;

(d) default under the terms of any agreement or instrument evidencing, or under which the Company has at the date of this Indenture or hereafter outstanding, any indebtedness for borrowed money and such indebtedness shall be accelerated so that the same shall be or become due and payable prior to the date on which the same would otherwise become due and payable and the aggregate principal amount thereof so accelerated exceeds \$50,000,000 and such acceleration is not rescinded or annulled within ten days after there has been given, by registered or certified mail, to the Company by the Trustee or to the Company and the Trustee by the holders of at least 25% in aggregate principal amount of the outstanding securities of that series a written notice specifying such default and stating that such notice is a "Notice of Default" hereunder; (it being understood however, that, subject to the provisions of Section 6.01, the Trustee shall not be deemed to have knowledge of such default under such agreement or instrument unless either (A) a Responsible Officer of the Trustee shall have actual knowledge of such default or (B) a Responsible Officer of the Trustee shall have received written notice thereof from the Company, from any Holder, from the holder of any such indebtedness or from the trustee under any such agreement or other instrument); provided, however, that if such default under such agreement or instrument is remedied

- 18 -

or cured by the Company or waived by the holders of such indebtedness, then the Event of Default hereunder by reason thereof shall be deemed likewise to have been thereupon remedied, cured or waived without further action upon the part of either the Trustee or any of such Holders;

(e) a court having jurisdiction in the premises shall enter a decree or order for relief in respect of the Company in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of the Company or for any substantial part of its property, or ordering the winding-up or liquidation of its affairs, and such decree or order shall remain unstayed and in effect for a period of 60 consecutive days; or

(f) the Company shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or shall consent to the entry of an order for relief in an involuntary case under any such law, or shall consent to the appointment of, or taking possession by, a receiver, liquidator, assignee, trustee, custodian, sequestrator (or similar official) of the Company or for all or substantially all of its property, or shall make any general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due or shall take any corporate action in furtherance of any of the foregoing,

then and in each and every such case, unless the principal of all the Securities of such series shall have already become due and payable, either the Trustee or the holders of not less than 25% in aggregate principal amount of the Securities of such series then outstanding hereunder, by notice in writing to the Company (and to the Trustee if given by Securityholders), may declare the principal of all the Securities of such series (or, if the Securities of such series are Original Issue Discount Securities, such portion of the principal amount as may be specified in the terms of that series) of all Securities of such series and the interest accrued thereon, if any, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in this Indenture or in the Securities contained to the Contrary notwithstanding. This provision, however, is subject to the condition that if, at any time after the principal (or, if the Securities are Original Issue Discount Securities, such portion of the principal as may be specified in the terms thereof) of the Securities of any series (or, if the Securities are Original Issue Discount Securities, such portion of the principal as may be specified in the terms thereof) of the Securities of any series (or of all the Securities, as the case may be) shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as hereinafter provided, the Company shall pay or shall deposit with the Trustee a sum sufficient to pay all matured installments of interest upon all the Securities of such series (or of all the Securities, as the case may be) and the principal of (and premium, if any, on) all Securities of such series (or of all the Securities, as the case may be) that shall have become due otherwise than by declaration (with interest on overdue installments of interest to the extent permitted by law, and on such principal

and premium, if any, at the rate of interest borne by the Securities or Yield to Maturity (in the case of Original Issue Discount Securities) applicable to the Securities of such series (or at the respective rates of interest or Yields to maturity of all the Securities, as the case may be) to the date of such payment or deposit) and the expenses of the Trustee, and any and all defaults under the Indenture, other than the nonpayment of principal of and accrued interest on Securities that shall have become due by declaration, shall have been remedied--then and in every such case the Securityholders of a majority in aggregate principal amount of the Securities of such series (or of all the Securities, as the case may be) then outstanding, by written notice to the Company and to the Trustee, may waive all defaults with respect to that series, each such series voting as a separate class (or with respect to all Securities, as the case may be, in such case treated as a single class) and rescind and annul such declaration and its consequences; but no such waiver of rescission and annulment shall extend to or shall affect any subsequent default, or shall impair any right consequent thereon.

In case the Trustee shall have proceeded to enforce any right under this Indenture and such proceedings shall have been discontinued or abandoned because of such rescission or annulment or for any other reason or shall have been determined adversely to the Trustee, then and in every such case the Company, the Trustee and the holders of the Securities of such series shall be restored respectively to their former positions and rights hereunder, and all rights, remedies and powers of the Company and the Trustee shall continue as though no such proceedings had been taken.

SECTION 5.02. Payment of Securities on Default; Suit Therefor. The Company covenants that (1) in case default shall be made in the payment of any installment of interest on any of the Securities of any series, as and when the same shall become due and payable, and such default shall have continued for a period of 30 days or (2) in case default shall be made in the payment of the principal of any of the Securities of any series when the same shall have become due and payable, whether upon maturity of the Securities for such series or otherwise, including any sinking fund payment--then, upon demand of the Trustee, the Company will pay to the Trustee for the benefit of the holders of the Securities of such series (and shall designate which series) the whole amount that then shall have become due and payable on all Securities of such series for principal (and premium, if any) or interest, or both, as the case may be, with interest on the overdue principal (and premium, if any) and installments of interest (to the extent permitted by law) at the rate of interest or Yield to Maturity (in the case of Original Issue Discount Securities) borne by such series of Securities; and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including a reasonable compensation to the Trustee, its agents, attorneys and counsel, and any expenses or liabilities incurred by the Trustee hereunder other than through its negligence or bad faith.

Until such demand is made by the Trustee, the Company may pay the principal of and interest on the Securities of any series to the holders thereof, whether or not the Securities of such series be overdue.

In case the Company shall fail forthwith to pay such amounts upon such demand, the Trustee, in its own name and as trustee of an express trust, shall be entitled and empowered to institute any action or proceedings at law or in equity for the collection of the sums so due and unpaid, and may prosecute any such action or proceeding to judgment or final decree, and may enforce any such judgment or final decree against the Company or any other obligor upon such Securities, and collect in the manner provided by law out of the property of the Company or any other obligor upon such Securities wherever situated the moneys adjudged or decreed to be payable.

In case there shall be pending proceedings for the bankruptcy or for the reorganization of the Company or any other obligor upon the Securities of any series under the Bankruptcy Code or any other applicable law or in connection with the insolvency of the Company or any other obligor upon any Securities or in the case a receiver or trustee shall have been appointed for its property, or in case of any other judicial proceedings relative to the Company or any other obligor upon such series of Securities or to creditors or property of the Company or such other obligor, the Trustee, irrespective of whether the principal of such series of Securities shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand pursuant to the provisions of this Section 5.02, shall be entitled and empowered by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount of

principal, premium, if any, and interest (or if the Securities of any series are Original Issue Discount Securities, such portion of the principal amount as may be specified in the terms of that series) owing and unpaid in respect of the Securities of any series, and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trust and of the Securityholders allowed in any judicial proceedings relative to the Company or any other obligor upon the Securities of any series, its creditors, or its property, and to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute the same after the deduction of its charges and expenses; and any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized by each of such holders to make such payments to the Trustee, and, in the event that the Trustee shall consent to the making of such payments directly to the holders, to pay to the Trustee any amount due it for compensation and expenses, including counsel fees incurred by it up to the date of such distribution. To the extent that such payment of reasonable compensation, expenses, liabilities and counsel fees out of the estate in any such proceedings shall be denied for any reason (except as a result of negligence or bad faith), payment of the same shall be secured by a lien on, and shall be paid out of, any and all distributions, dividends, moneys, securities and other property that the holders of the Securities of any series may be entitled to receive in such proceedings, whether in liquidation or under any plan of reorganization or arrangement or otherwise.

All rights of action and of asserting claims under this Indenture, or under any of the Securities of any series, may be enforced by the Trustee without the possession of any of the Securities, or the production thereof at any trial or other proceeding relative thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its own name and as trustee

- 21 -

of an express trust, and any recovery of judgment shall be for the ratable benefit of the holders of the Securities and the Trustee.

SECTION 5.03. Application of Moneys Collected by Trustee. Any moneys collected by the Trustee pursuant to Section 5.02 with respect to any one or more series shall be applied in the order following, at the date or dates fixed by the Trustee for the distribution of such moneys, and, in the case of the distribution of such moneys on account of principal or interest, upon presentation of the several Securities of a series in respect of which moneys have been collected, and stamping (or otherwise noting) thereon the payment, or issuing Securities of such series in reduced principal amounts in exchange for the presented Securities of such series if only partially paid, and upon surrender thereof if fully paid:

FIRST: To the payment of costs and expenses of collection applicable to such series, and reasonable compensation to the Trustee, its agents, attorneys and counsel, and of all other expenses and liabilities incurred, and all advances made, by the Trustee with respect to such series, except as a result of its negligence or bad faith;

SECOND: In case no principal of the outstanding Securities of such series shall have become due and be unpaid, to the payment of interest on the Securities of such series in default, in the order of the maturity of the installments of such interest, with interest upon the overdue installments of interest (so far as permitted by law and to the extent that such interest has been collected by the Trustee) as the rate of interest or Yield to Maturity (in the case of Original Issue Discount Securities) borne by the Securities of such series; and in case such moneys shall be insufficient to pay in full the whole amount so due and unpaid upon the Securities of such series, then to the payment of such principal (and premium, if any) and interest, without preference or priority of principal (and premium, if any) over interest, or of interest over principal (and premium, if any), or of any installment of interest over any other installment of interest or of any Security of such series over any other Security of such series, ratably to the aggregate of such principal (and premium, if any) and accrued and unpaid interest; and

FOURTH: To the payment of the remainder, if any, to the Company, its successors or assigns, or to whosoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

SECTION 5.04. Limitation on Suits by Holders of Securities. No holder of a Security of any series shall have any right by virtue or by availing of any provision of this Indenture to institute any suit, action or proceeding in equity or at law or in bankruptcy or otherwise, upon or under or with respect to this Indenture or for the appointment of a receiver, liquidating custodian, trustee or similar official, or for any other remedy hereunder, unless such holder previously shall have given to the Trustee written notice of default and of the continuance thereof, as hereinabove provided, and unless also the holders of not less than 25% in aggregate principal amount of such series of Securities then outstanding shall have made written request

upon the Trustee to institute such action, suit or proceeding in its own name as Trustee hereunder and shall have offered to the Trustee such reasonable indemnity as it may require against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee, for 60 days after its receipt of such notice, request and offer of indemnity, shall have neglected or refused to institute any such action, suit or proceeding and no direction inconsistent with such written request shall have been given to the Trustee pursuant to Section 5.06; it being understood and intended, and being expressly covenanted by the holder of every Security of a series with every other Securityholder and the Trustee, that no one or more holders of such series of Securities shall have any right in any manner whatsoever by virtue or by availing of any provision of this Indenture to affect, disturb or prejudice the rights of the holders of any other series of Securities, or to obtain or seek to obtain priority over or preference to any other such holder, or to enforce any right under this Indenture, except in the manner herein provided and for the equal, ratable and common benefit of all holders of Securities. For the protection and enforcement of the provisions of this Section 5.04, each and every Securityholder and the Trustee shall be entitled to such relief as can be given either at law or in equity.

Notwithstanding any other provisions in this Indenture, the right of any holder of any Security to receive payment of the principal of (and premium, if any) and interest on such Security, on or after the respective due dates expressed in such Security, or to institute suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such holder.

SECTION 5.05. Proceedings by Trustee; Remedies Cumulative and Continuing. In case an Event of Default has occurred, has not been waived, and is continuing, the Trustee may in its discretion proceed to protect and enforce the rights vested in it by this Indenture by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any of such rights, either by suit in equity or by action at law or by proceeding in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Indenture or in aid of the exercise of any power granted in this Indenture, or to enforce any other legal or equitable right vested in the Trustee by this Indenture or by law. All powers and remedies given by this Article Five to the Trustee or to the Securityholders shall, to the extent permitted by law, be deemed cumulative and not exclusive of any thereof or any other powers and remedies available to the Trustee or to the holders of the Securities, by judicial proceedings or otherwise, to enforce the performance or observance of the covenants and agreements contained in this Indenture, and no delay or omission of the Trustee or of any holder of any of the Securities to exercise any right or power accruing upon any default occurring and continuing as aforesaid shall impair any such right or power, or shall be construed to be a waiver of any such default or any acquiescence therein; and, subject to the provisions of Section 5.04, every power and remedy given by this Article Five or by law to the Trustee or to the Securityholders may be exercised from time to time, and as often as shall be deemed expedient, by the Trustee or by the Securityholders.

SECTION 5.06. Rights of Holders of Majority in Principal Amount of Securities to Direct Trustee and to Waive Defaults. The holders of a majority in aggregate principal amount of the Securities of all series affected (voting as one class) at the time outstanding (determined as provided in Section 7.04), or, if a record date is set in accordance with Section 7.05, as of such record date, shall have the right to direct the time, method, and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee by the Indenture with respect to the Securities of such series; provided, however, that subject to the provisions of Section 6.01, the Trustee shall have the right to decline to follow any such direction if the Trustee being advised by counsel shall determine that the action so directed may not lawfully be taken, or if the Trustee in good faith shall, by a responsible officer or officers of the Trustee, determine that the proceedings so directed would be illegal or involve it in personal liability or be unjustly prejudicial to the Securityholders not consenting, and provided further that nothing in this Indenture shall impair the right of the Trustee in its discretion to take any action deemed proper by the Trustee and which is not inconsistent with such direction by the Securityholders. Prior to the declaration of the maturity of the Securities of any series as provided in Section 5.01, the holders of a majority in aggregate principal amount of the Securities of such series at the time outstanding (each such series voting as a separate class) (determined as provided in Sections 7.04 and 7.05) may on behalf of the holders of all of the Securities of such series waive any past

default hereunder and its consequences, except a default in the payment of interest or premium on, or the principal of, any of the Securities. In the case of any such waiver the Company, the Trustee and the holders of the Securities of such series shall be restored to their former positions and rights hereunder, respectively; but no such waiver shall extend to any subsequent or other default or impair any right consequent hereon.

SECTION 5.07. Trustee to Give Notice of Defaults Known to It, But May Withhold in Certain Circumstances. The Trustee shall, within 90 days after the occurrence of a default hereunder, give to the Securityholders, in the manner and to the extent provided in subsection (c) of Section 4.04 with respect to reports pursuant to subsection (a) of section 4.04, notice of such defaults known to the Trustee unless such default shall have been cured or waived before the giving of such notice (the term "defaults" for the purposes of this Section 5.07 being hereby defined to be the events specified in clauses (a), (b), (c), (d), (e) and (f) of Section 5.01, not including any periods of grace provided for therein, and irrespective of the giving of any required notice; provided that, except in the case of default in the payment of the principal of (and premium, if any) or interest on any of the Securities of such series, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee, or a trust committee of directors and/or Responsible Officers of the Trustee in good faith determined that the withholding of such notice is in the interest of the Securityholders of such series.

SECTION 5.08. Requirement of an Undertaking to Pay Costs in Certain Suits Under the Indenture or Against the Trustee. All parties to this Indenture agree, and each holder of any Security by his acceptance thereof shall be deemed to have agreed, that any court may in its

- 24 -

discretion require, in any suit for the enforcement or any right or remedy under this Indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorney's fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section 5.08 shall not apply to any suit instituted by the Trustee, to any suit instituted by any Securityholder, or group of Securityholders of any series, holding in the aggregate more than ten percent in aggregate principal amount of the Securities of such series outstanding, or to any suit instituted by any Securityholder for the enforcement of the payment of the principal of (and premium, if any) or interest on any Security, on or after the due date expressed in such Security.

ARTICLE SIX

CONCERNING THE TRUSTEE

SECTION 6.01. Duties and Responsibilities of Trustee. The Trustee, prior to the occurrence of an Event of Default and after the curing or waiving of all Events of Default that may have occurred with respect to the Securities of a series, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default has occurred of which a Responsible Officer of the Trustee has actual knowledge (which has not been cured or waived) the Trustee shall exercise such of the rights and powers vested in it by this Indenture with respect to the Securities of a series, and use the same degree of care and skill in their exercise as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, provided, however, that:

(a) prior to the occurrence of an Event of Default with respect to the Securities of any series and after the curing or waiving of all Events of default with respect to such series that may have occurred

(1) the duties and obligations of the Trustee shall be determined solely by the express provisions of this Indenture, and the trustee shall only be liable for the performance of such duties and obligations as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to the

Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions that by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture;

(b) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer or Officers of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts; and

(c) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the holders of not less than a majority in principal amount of the Securities of all series affected (voting as a class) at the time outstanding (determined as provided in Section 7.04 and 7.05) relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture.

None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, if there is reasonable grounds for believing that the repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

SECTION 6.02. Reliance on Documents, Opinions, etc. Subject to the provisions of Section 6.01:

(a) The Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval, bond, note or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) Any request, direction, order or demand of the Company mentioned herein shall be sufficiently evidenced by an Officer's Certificate (unless other evidence in respect thereof be herein specifically prescribed); and the Trustee by a copy thereof certified by the Secretary or any Assistant Secretary of the Company;

(c) The Trustee may consult with counsel and the advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in accordance with such advice or Opinion of Counsel;

(d) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of any of the Securityholders, pursuant to the provisions of this Indenture, unless such Securityholders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities that may be incurred therein or thereby; but nothing herein contained shall, however, relieve the Trustee of the obligation, upon the occurrence of an Event of Default (which has not been cured or waived), to exercise such of the rights and powers vested in it by this Indenture, and to use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs;

(e) The Trustee shall not be liable for any action taken or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture;

(f) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order approval, bond, note or other paper or document, unless requested in writing so to do by the holders of not less than a majority in aggregate principal amount of the Securities of all series affected then outstanding voting as one class (determined as provided in Sections 7.04 and 7.05); provided, however, that if the payment within a reasonable time to the Trustee of the costs, expenses or liabilities likely to be incurred by it in the making of such

investigation is, in the opinion of the Trustee, not reasonably assured to the Trustee by the security afforded to it by the terms of this Indenture, the Trustee may require reasonable indemnity against such expense or liability as a condition to so proceeding. The reasonable expense of every such examination shall be paid by the Company or, if paid by the Trustee, shall be repaid by the Company upon demand; and

(g) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys. The Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

SECTION 6.03. No Responsibility for Recitals, etc. The recitals contained herein and in the Securities (other than the certificate of authentication of the Securities) shall be taken as the statements of the Company, and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representation as to the validity or sufficiency of this Indenture or of the Securities. The Trustee shall not be accountable for the use or application by the Company of any of the Securities or of the proceeds of such Securities, or for the use or application of any moneys paid over by the Trustee in accordance with any provision of this Indenture, or for the use or application of any moneys received by any Paying Agent other than the Trustee.

- 27 -

SECTION 6.04. Trustee, Paying Agent or Security Registrar May Own Securities. The Trustee or any Paying Agent or Security registrar, in its individual or any other capacity, may become the owner or pledgee of Securities with the same rights it would have if it were not Trustee, Paying Agent or Security registrar.

SECTION 6.05. Moneys Received by Trustee to be Held in Trust Without Interest. Subject to the provisions of Section 11.04, all moneys received by the Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on moneys received by it hereunder except such as it may agree with the Company to pay thereon. So long as no Event of Default shall have occurred and be continuing, all interest allowed on any such moneys shall be paid from time to time upon the written order of the Company, signed by its Chairman of the Board, any Vice Chairman of the Board, its President or any Vice President or its Treasurer or any Assistant Treasurer.

SECTION 6.06. Compensation and Expenses of Trustee. The Company covenants and agrees to pay to the Trustee from time to time, and the Trustee shall be entitled to, reasonable compensation (which shall not be limited by any provision of law in regard to the compensation of a Trustee of an express trust), and the Company will pay or reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in connection with the acceptance or administration of its trust under this Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and of all persons not regularly in its employ) except any such expense, disbursement or advance as may arise from its negligence or bad faith. The Company also covenants to indemnify the Trustee for, and to hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on the part of the Trustee and arising (a) out of or in connection with the acceptance or administration of this trust, or (b) from any action or failure to act as authorized or within the discretion or rights or powers conferred upon the Trustee hereunder, including the costs and expenses of defending itself against any claim of liability in the premises. The obligations of the Company under this Section 6.06 to compensate the Trustee and to pay or reimburse the Trustee for expenses, disbursements, losses, liabilities and advances shall constitute additional indebtedness hereunder and shall survive the satisfaction and discharge of this Indenture. Such additional indebtedness shall be secured by a lien prior to that of the Securities upon all property and funds held or collected by the Trustee as such, except funds held in trust for the benefit of the holders of particular Securities.

SECTION 6.07. Right of Trustee to Rely on Officers' Certificate Where No Other Evidence Specifically Prescribed. Subject to the provisions of Section 6.01, whenever in the administration of the provisions of this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or bad faith on the part of the Trustee, be deemed

to be conclusively proved and established by an Officers' Certificate delivered to the Trustee, and such Certificate, in the absence of negligence or bad faith on the part of the Trustee, shall be full warrant to the Trustee for any action taken, suffered or omitted by it under the provisions of this Indenture upon the faith thereof.

SECTION 6.08. Conflicting Interest of Trustee. (a) If the Trustee has or shall acquire any conflicting interest, as defined in this Section 6.08, it shall, within 90 days after ascertaining that it has such conflicting interest, either eliminate such conflicting interest or, unless the Trustee's duty to resign is stayed as provided in Section 310(b) of the Trust Indenture Act of 1939, resign in the manner and with the effect specified in Section 6.10, such resignation to become effective upon the appointment of a successor trustee and such successor's acceptance of such appointment, and the Company shall take prompt steps to have a successor appointed in the manner provided in Section 6.10.

(b) In the event that the Trustee shall fail to comply with the provisions of subsection (a) of this Section 6.08, the Trustee shall, within 10 days after the expiration of such 90-day period, or, if the Trustee's duty to resign is stayed, after the end of such stay, transmit notice of such failure to the Securityholders in the manner and to the extent provided in subsection (c) of Section 4.04 with respect to reports pursuant to subsection (a) of Section 4.04.

(c) For the purposes of this Section 6.08, the Trustee shall be deemed to have a conflicting interest if the Trustee has a conflict within the provisions of Section 310(b) of the Trust Indenture Act of 1939.

SECTION 6.09. Requirements for Eligibility of Trustee. The Trustee hereunder shall at all times be a corporation organized and doing business under the laws of the United States or any State or territory thereof or of the District of Columbia authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least five million dollars, subject to supervision or examination by Federal, State, Territorial, or District of Columbia authority. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this Section 6.09, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section 6.09, the Trustee shall resign immediately in the manner and with the effect specified in Section 6.10. Neither the Company nor any persons directly or indirectly controlling, controlled by, or under common control with the Company shall serve as Trustee.

SECTION 6.10. Resignation or Removal of Trustee. (a) The Trustee, or any Trustee hereafter appointed, may at any time resign with respect to one or more series of Securities by giving written notice of such resignation to the Company or to the Securityholders, such notice to the Securityholders of applicable series of Securities to be given by mailing (by

first class mail) the same. Upon receiving such notice of resignation, the Company shall promptly appoint a successor Trustee with respect to the applicable series by written instrument, in duplicate, executed by order of the Board of Directors of the Company, one copy of which instrument shall be delivered to the resigning Trustee and one copy to the successor trustee. If no successor trustee shall have been so appointed and have accepted appointment within 60 days after the mailing of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor trustee, or any Securityholder who has been a bona fide holder of a Security or Securities for at least six months may, subject to the provisions of Section 5.08, on behalf of himself and all others similarly situated, petition any such court for the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor trustee.

(b) In case at any time any of the following shall occur:

(1) the Trustee shall fail to comply with the provisions of subsection (a) of Section 6.08 with respect to any series of Securities after written request therefor by the Company or by any Securityholder who has been a bona fide holder of a Security or Securities of such series for at least six months, or

(2) the Trustee shall cease to be eligible in accordance with the

provisions of Section 6.09 and shall fail to resign after written request therefor by the Company or by any such Securityholder, or

(3) the Trustee shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or of a substantial portion of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of a substantial portion of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, the Company may remove the Trustee with respect to the applicable series and appoint a successor trustee for such series by written instrument, in duplicate, executed by order of the Board of Directors of the Company, one copy of which instrument shall be delivered to the Trustee so removed and one copy to the successor trustee, or, subject to the provisions of Section 5.08, any Securityholder who has been a bona fide holder of a Security or Securities of such series for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor trustee with respect to such series. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, remove the Trustee and appoint a successor trustee.

(c) The holders of a majority in aggregate principal amount of the Securities of all series at the time outstanding voting as one class (determined as provided in Section 7.04) may at any time remove the Trustee with respect to Securities of all series and appoint a successor

- 30 -

trustee with respect to securities of all series by written instrument or instruments signed by such holders or their attorneys-in-fact duly authorized, or by the affidavits of the permanent chairman and secretary of a meeting of the Securityholders evidencing the vote upon a resolution or resolutions submitted thereto with respect to such removal and appointment (as provided in Article Eight), and by delivery thereof to the Trustee so removed, to the successor trustee and to the Company.

(d) Any resignation or removal of the Trustee and appointment of any successor trustee pursuant to any of the provisions of this Section 6.10 shall become effective upon acceptance of appointment by the successor trustee as provided in Section 6.11.

SECTION 6.11. Acceptance by Successor to Trustee; Notice of Succession of a Trustee. Any successor trustee appointed as provided in Section 6.10 shall execute, acknowledge and deliver to the Company and to its predecessor trustee an instrument accepting such appointment hereunder, and thereupon the resignation or removal of the predecessor trustee with respect to all or any particular series shall become effective and such successor trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations with respect to such series of its predecessor hereunder, with like effect as if originally named as Trustee herein; but, nevertheless, on the written request of the Company or of the successor trustee, the Trustee ceasing to act shall, upon payment of any amounts then due it pursuant to the provisions of Section 6.06, pay over to the successor trustee, subject to Section 11.04, all monies at the time held by it hereunder with respect to such series, and execute and deliver an instrument transferring to such successor trustee all the rights and powers of the trustee so ceasing to act. Upon request of any such successor trustee, the Company shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor trustee all such rights and powers. Any trustee ceasing to act shall, nevertheless, retain a lien upon all property or funds held or collected by such trustee to secure any amounts then due it pursuant to the provisions of Section 6.06.

If a successor trustee is appointed with respect to the Securities of one or more (but not all) series, the Company, the predecessor Trustee and each successor trustee with respect to the Securities of any applicable series shall execute and deliver an indenture supplemental hereto that shall contain such provisions as shall be deemed necessary or desirable to confirm that all the rights, powers, trusts and duties of the predecessor Trustee with respect to the Securities of any series as to which the predecessor Trustee is not retiring shall continue to be vested in the predecessor Trustee, and shall add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, it being understood that nothing herein or in such supplemental indenture shall constitute such Trustees as co-trustees of the same trust and that each such Trustee shall be Trustee of a trust or trusts under separate indentures.

No successor trustee with respect to any series of Securities shall accept appointment as provided in this Section 6.11 unless at the time of such

acceptance such successor trustee shall

- 31 -

be qualified under the provisions of Section 6.08 and eligible under the provisions of Section 6.09.

Upon acceptance of appointment by a successor trustee as provided in this Section 6.11, the Company shall mail to the holders of Securities of any series by first-class mail notice thereof. If the Company fails to mail such notice within 30 days after acceptance of appointment by the successor trustee, the successor trustee shall, in its discretion, cause such notice to be mailed at the expense of the Company.

SECTION 6.12. Successor to Trustee by Merger, Consolidation or Succession to Business. Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger or conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be qualified under the provisions of Section 6.08 and eligible under the provisions of Section 6.09, without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

In case at the time such successor to the Trustee shall succeed to the trusts created by this Indenture and the Securities of any series shall have been authenticated but not delivered, any such successor to the Trustee may adopt the certificate of authentication of any predecessor Trustee, and deliver such Securities so authenticated; and in case at that time the Securities of any series shall not have been authenticated, any successor to the Trustee may authenticate such Securities either in the name of any predecessor hereunder or in the name of the successor Trustee; and in all such cases such certificates shall have the full force that it is anywhere in the Securities of such series or in this Indenture provided that the certificate of the Trustee shall have; provided, however, that the right to adopt the certificate of authentication of any predecessor Trustee or authenticate Securities of any series in the name of any predecessor Trustee shall apply only to its successor or successors by merger, conversion or consolidation.

SECTION 6.13. Limitations on Rights of Trustee as a Creditor. The Trustee shall comply with Section 311 of the Trust Indenture Act of 1939.

ARTICLE SEVEN

CONCERNING THE SECURITYHOLDERS

SECTION 7.01. Evidence of Action by Securityholders. Whenever in this Indenture it is provided that the holders of a specified percentage in aggregate principal amount of the Securities of any or all series may take any action (including the making of any demand or request, the giving of any notice, consent, or waiver or the taking of any other action) the fact that the holders of such specified percentage, determined as of the time such action was taken or, if a record date was set with respect thereto pursuant to Section 7.05, as of such record

- 32 -

date, have joined therein may be evidenced (a) by any instrument or any number of instruments of similar tenor executed by Securityholders in person or by agent or proxy appointed in writing, or (b) by the record of the holders of Securities voting in favor thereof at any meeting of Securityholders duly called and held in accordance with the provisions of Article Eight, or (c) by a combination of such instrument or instruments and any such record of such a meeting of Securityholders.

SECTION 7.02. Proof of Execution of Instruments and of Holding of Securities. Subject to the provisions of Sections 6.01, 6.02 and 8.05, proof of the execution of any instrument by a Securityholder or his agent or proxy shall be sufficient if made in accordance with such reasonable rules and regulations as may be prescribed by the Trustee or in such manner as shall be satisfactory to the Trustee.

The ownership of Securities shall be proved by the register of such Securities, or by a certificate of the registrar thereof.

The Trustee may accept such other proof or require such additional proof of any matter referred to in this Section 7.02 as it shall deem reasonable.

The record of any Securityholders' meeting shall be proved in the manner provided in Section 8.06.

SECTION 7.03. Who May be Deemed Owners of Securities. The Company, the Trustee, any Paying Agent and any Security registrar may deem and treat the person in whose name any Security shall be registered upon the books of the Company for such series on the applicable record date as the absolute owner of such Security (whether or not such Security shall be overdue and notwithstanding any notation of ownership or other writing thereon) for the purpose of receiving payment of or on account of the principal of, premium, if any, and interest on such Security and for all other purposes; and neither the Company nor the Trustee nor any Paying Agent nor any Security registrar shall be affected by any notice to the contrary. All such payments so made to, or upon the order of, any such holder shall be valid, and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for moneys payable upon any such Security.

SECTION 7.04. Securities Owned by Company or Controlled or Controlling Persons Disregarded for Certain Purposes. In determining whether the holders of the requisite aggregate principal amount of Securities have concurred in any demand, direction, request, notice, consent, waiver or other action under this Indenture, Securities that are owned by the Company or any other obligor on the Securities or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company or any other obligor on the Securities shall be disregarded and deemed not to be outstanding for the purpose of any such determination, provided that for the purposes of determining whether the Trustee shall be protected in relying on any such demand, direction, request, notice, consent or waiver, only

- 33 -

Securities that the Trustee knows are so owned shall be so disregarded. Securities so owned that have been pledged in good faith may be regarded as outstanding for the purposes of this Section 7.04, if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Securities and that the pledgee is not a person directly or indirectly controlling or controlled by or under direct or common control with the Company or any such obligor. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

SECTION 7.05. Record Date for Action by Securityholders. Whenever in this Indenture it is provided that holders of a specified percentage in aggregate principal amount of the Securities of a series may take any action (including the making of any demand or request, the giving of any direction, notice, consent or waiver or the taking of any action), other than any action taken at a meeting of Securityholders called pursuant to Article Eight, the Company, pursuant to a resolution of its Board of Directors, or the holders of at least ten percent in aggregate principal amount of the Securities of such series then outstanding, may request the Trustee to fix a record date for determining Securityholders entitled to notice of and to take any such action. In case the Company or the holders of Securities of such series in the amount above specified shall desire to request Securityholders of such series to take any such action and shall request the Trustee to fix a record date with respect thereto by written notice setting forth in reasonable detail the Securityholder action to be requested, the Trustee shall promptly (but in any event within five days of receipt of such request) fix a record date that shall be a Business Day not less than 15 nor more than 20 days after the date on which the Trustee receives such request. If the Trustee shall fail to fix a record date as hereinabove provided, then the Company or the holders of Securities of such series in the amount above specified may fix the same by mailing written notice thereof (the record date so fixed to be a business day not less than 15 nor more than 20 days after the date on which such written notice shall be given) to the Trustee. If a record date is fixed according to this Section 7.05, only persons shown as Securityholders of such series on the registration books for the Company at the close of business on the record date so fixed shall be entitled to take the requested action and the taking of any such action by the holders on the record date of the required percentage of the aggregate principal amount of the Securities of such series shall be binding on all Securityholders of such series, provided that the taking of the requested action by the holders on the record date of the percentage in aggregate principal amount of the Securities of such series in connection with such action shall have been evidenced to the Trustee, as provided in Section 7.01, not later than 180 days after such record date.

SECTION 7.06. Instruments Executed by Securityholders Bind Future Holders. At any time prior to (but not after) the evidencing to the Trustee, as provided in Section 7.01, of the taking of any action by the holders of the percentage in aggregate principal amount of the Securities of any or all series in connection with such action, any holder of a Security of such series the serial number of which is shown by the evidence to be included in the Securities of such series the holders of which have consented to such action

may, by filing written notice with the Trustee at its principal office and upon proof of holding as provided in Section 7.02, revoke

- 34 -

such action so far as concerns such Security. Except as aforesaid any such action taken by the holder of any Security of such series and any direction, demand, request, waiver, consent, vote or other action of the holder of any Security of such series that by any provisions of this Indenture is required or permitted to be given shall be conclusive and binding upon such holder and upon all future holders and owners of such Security, and of any Security issued in lieu thereof, irrespective of whether or not any notation in regard thereto is made upon such Security. Any action taken by the holders of the percentage in aggregate principal amount of the Securities of such series in connection with such action shall be conclusively binding as the act of such holders upon the Company, the Trustee and the holders of the Securities of such series.

ARTICLE EIGHT

SECURITYHOLDERS' MEETING

SECTION 8.01. Purposes for Which Meetings May be Called. A meeting of holders of Securities of any or all series, as the case may be, may be called at any time and from time to time pursuant to the provisions of this Article Eight for any of the following purposes:

(1) to give any notice to the Company or to the Trustee, or to give any directions to the Trustee, or to consent to the waiving of any default or Event of Default hereunder and its consequences, or to take any other action authorized to be taken by Securityholders of any or all series pursuant to any of the provisions of Article Five;

(2) to remove the Trustee and appoint a successor Trustee pursuant to the provisions of Article Six;

(3) to consent to the execution of an indenture or indentures supplemental hereto pursuant to the provisions of Section 9.02; or

(4) to take any other action authorized to be taken by or on behalf of the holders of the percentage in aggregate principal amount of the Securities of any or all series under any other provisions of this Indenture or under applicable law.

SECTION 8.02. Manner of Calling Meetings; Record Date. The Trustee may at any time call a meeting of Securityholders of any or all series to take any action specified in Section 8.01, to be held at such time and at such place in the City of Dallas, Texas, as the Trustee shall determine. Notice of every meeting of the Securityholders of any or all series, setting forth the time and the place of such meeting and in general terms the action proposed to be taken at such meeting, shall be mailed nor less than thirty nor more than sixty days prior to the date fixed for the meeting to such Securityholders at their registered addresses. For the purpose of determining Securityholders entitled to notice of any meeting of Securityholders, the Trustee shall fix in advance a date as the record date for such determination, such date to be a business

- 35 -

day not more than ten days prior to the date of the mailing of such notice as hereinabove provided. Only persons in whose name any Security shall be registered upon the books of the Company on a Record Date fixed by the Trustee as aforesaid, or by the Company or the Securityholders as in Section 8.03 provided, shall be entitled to notice of the meeting of Securityholders with respect to which such record date was so fixed.

SECTION 8.03. Call of Meeting by Company or Securityholders. In case at any time the Company, pursuant to a resolution of its Board of Directors, or the holders of at least ten percent in aggregate principal amount of the Securities then outstanding of any or all series, as the case may be, shall have requested the Trustee to call a meeting of such Securityholders to take any action authorized in Section 8.01 by written request setting forth in reasonable detail the action proposed to be taken at the meeting, and the Trustee shall not have mailed notice of such meeting within twenty days after receipt of such request, then the Company or the holders of such Securities in the amount above specified, as the case may be, may fix the record date with respect to, and determine the time and the place in said City of Dallas, Texas for, such meeting and may call such meeting to take any action authorized in Section 8.01, by mailing notice thereof as provided in Section 8.02. The record date fixed as provided in the preceding sentence shall be set forth in a written notice to the Trustee and shall be a business day not less than 15 nor

more than 20 days after the date on which such notice is sent to the Trustee.

SECTION 8.04. Who May Attend and Vote at Meetings. To be entitled to vote at any meeting of Securityholders a person shall (i) be a holder of one or more Securities of the series with respect to which the meeting is called or, should the meeting be called with respect to the Securities of all series, a holder of one or more of such series, or (ii) a person appointed by an instrument in writing as proxy by a holder of one or more securities of the series. The only persons who shall be entitled to be present or to speak at any meeting of Securityholders shall be the persons entitled to vote at such meeting and their counsel and any representatives of the Trustee and its counsel and any representatives of the Company and its counsel. When a determination of Securityholders entitled to vote at any meeting of Securityholders has been made as provided in this Section 8.04, such determination shall apply to any adjournment thereof.

SECTION 8.05. Regulations. Notwithstanding any other provisions of this Indenture, the Trustee may make such reasonable regulations as it may deem advisable for any meeting of Securityholders, in regard to proof of the holding of Securities of the series with respect to which the meeting is called and of the appointment of proxies, and in regard to the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote, and such other matters concerning the conduct of the meeting as it shall think fit. Except as otherwise permitted or required by any such regulations, the holding of such Securities and the appointment of any proxy shall be proved in the manner specified in Section 7.02.

- 36 -

The Trustee shall, by an instrument in writing, appoint a temporary chairman of the meeting, unless the meeting shall have been called by the Company or by Securityholders as provided in Section 8.03, in which case the Company or the Securityholders calling the meeting, as the case may be, shall in like manner appoint a temporary chairman. A permanent chairman and a permanent secretary of the meeting shall be elected by a vote of the holders of a majority in principal amount of the Securities represented at the meeting and entitled to vote.

Subject to the provisions of Section 7.04, at any meeting each Securityholder or proxy entitled to vote thereat shall be entitled to one vote for each \$1,000 principal amount of Securities held or represented by him; provided, however, that no vote shall be cast or counted at any meeting in respect of any Security challenged as not outstanding and ruled by the chairman of the meeting to be not outstanding. The chairman of the meeting shall have no right to vote other than by virtue of Securities held by him or instruments in writing as aforesaid duly designating him as the person to vote on behalf of other Securityholders. Any meeting of Securityholders duly called pursuant to the provisions of Section 8.02 or 8.03 may be adjourned from time to time, and the meeting may be held as so adjourned without further notice.

At any meeting of Securityholders, the presence of persons who held, or who are acting as proxy for persons who held, an aggregate principal amount of Securities of the series with respect to which the meeting is called on the record date for such meeting sufficient to take action on the business for the transaction of which such meeting was called shall constitute a quorum, but, if less than a quorum is present, the persons holding or representing a majority in aggregate principal amount of the Securities of the series with respect to which the meeting is called represented at the meeting may adjourn such meeting with the same effect, for all intents and purposes, as though a quorum had been present.

SECTION 8.06. Manner of Voting at Meetings and Record to be Kept. The vote upon any resolution submitted to any meeting of Securityholders shall be by written ballots on each of which shall be subscribed the signature of the Securityholder or proxy casting such ballot and the identifying number or numbers of the Securities held or represented in respect of which such ballot is cast. The permanent chairman of the meeting shall appoint two inspectors of votes who shall count all votes cast at the meeting for or against any resolution and who shall make and file with the secretary of the meeting their verified written reports in duplicate of all votes cast at the meeting. A record in duplicate of the proceedings of each meeting of Securityholders shall be prepared by the secretary of the meeting and there shall be attached to said record the original reports of the inspectors of votes on any vote by ballot taken thereat and affidavits by one or more persons having knowledge of the facts setting forth a copy of the notice of the meeting and showing that said notice was mailed as provided in Section 8.02. The record shall show the identifying numbers of the Securities voting in favor of or against any resolution. Each counterpart of such record shall be signed and verified by the affidavits of the permanent chairman and secretary of the meeting and one of the counterparts shall be delivered to the Company and the other to the Trustee to be preserved by the Trustee.

Any counterpart record so signed and verified shall be conclusive evidence of the matters therein stated and shall be the record referred to in clause (b) of Section 7.01.

SECTION 8.07. Exercise of Rights of Trustee and Securityholders Not to be Hindered or Delayed. Nothing in this Article Eight contained shall be deemed or construed to authorize or permit, by reason of any call of a meeting of Securityholders or any rights expressly or impliedly conferred hereunder to make such call, any hindrance or delay in the exercise of any right or rights conferred upon or reserved to the Trustee or to the Securityholders under any of the provisions of this Indenture or of the Securities of any or all series.

SECTION 8.08. Written Consent in Lieu of Meeting of Securityholders. The written authorization or consent of the requisite percentage of Securityholders herein provided, entitled to vote at any such meeting, evidenced as provided in Article Seven and filed with the Trustee, shall be effective in lieu of a meeting of Securityholders, with respect to any matter provided for in this Article Eight.

ARTICLE NINE

SUPPLEMENTAL INDENTURES

SECTION 9.01. Purposes for Which Supplemental Indentures May be Entered into Without Consent of Securityholders. The Company, when authorized by a resolution of its Board of Directors, and the Trustee may from time to time and at any time enter into an indenture or indentures supplemental hereto (which shall comply with the provisions of the Trust Indenture Act of 1939 as then in effect) for one or more of the following purposes:

(a) to evidence the succession of another corporation to the Company, or successive successions, and the assumption by the successor corporation of the covenants, agreements and obligations of the Company pursuant to Article Ten;

(b) to add to the covenants of the Company such further covenants, restrictions or conditions as its Board of Directors and the Trustee shall consider to be for the protection of the holders of all or any series of the Securities (and, if such covenants are to be for the benefit of less than all series of Securities stating that such covenants are expressly being included for the benefit of such series), and to make the occurrence, or the occurrence and continuance, of a default in any of such additional covenants, restrictions or conditions an Event of Default permitting the enforcement of all or any of the several remedies provided in this Indenture as herein set forth; provided, however, that in respect of any such additional covenant, restriction or condition such supplemental indenture may provide for a particular period of grace after default (which period may be shorter or longer than that allowed in the case of other defaults) or may provide for an immediate enforcement upon such Event of Default or may limit the remedies available to the Trustee upon such Event of Default or may limit the right of the holders

of a majority in aggregate principal amount of the Securities of such series to waive such an Event of Default;

(c) to cure any ambiguity or to correct or supplement any provision contained herein or in any supplemental indenture that may be defective or inconsistent with any other provision contained herein or in any supplemental indenture, or to make such other provisions in regard to matters or questions arising under this Indenture or any supplemental indenture as shall not adversely affect the interests of the holders of the Securities;

(d) to provide for the issuance under this Indenture of Securities, whether or not then outstanding, in coupon form (including Securities registrable as to principal only) and to provide for exchangeability of such Securities with Securities issued hereunder in fully registered form and to make all appropriate changes for such purpose;

(e) to establish the form or terms and to provide for the issuance of Securities of any series as permitted by Section 2.01 and 2.03; and

(f) to evidence and provide for the acceptance of appointment hereunder by a successor trustee with respect to the Securities of one or

more series and to add to or change any of the provisions of the Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one trustee.

The Trustee is hereby authorized to join with the Company in the execution of any such supplemental indenture, to make any further appropriate agreements and stipulations that may be therein contained and to accept the conveyance, transfer or assignment of any property thereunder, provided that if any such supplemental indenture affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, the Trustee may in its discretion, but shall not be obligated to, enter into such supplemental indenture.

Any supplemental indenture authorized by the provisions of this Section 9.01 may be executed by the Company and the Trustee without the consent of the holders of any of the Securities at the time outstanding, notwithstanding any of the provisions of Section 9.02.

SECTION 9.02. Modification of Indenture with Consent of Holders of 66-2/3% in Principal Amount of Securities. With the consent (evidenced as provided in Section 7.01) of the holders of not less than 66-2/3% in aggregate principal amount of the Securities at the time outstanding of all securities affected by such supplement (voting as one class) (determined as provided in Section 7.04), or, if a record date is set with respect to such consent in accordance with Section 7.05, as of such record date, the Company, when authorized by a resolution of its Board of Directors, and the Trustee may from time to time and at any time enter into an indenture or indentures supplemental hereto (which shall comply with the provisions of the Trust Indenture Act of 1939 as then in effect) for the purpose of adding any

- 39 -

provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of any supplemental indenture or of modifying in any manner the rights of the holders of the Securities of each such series; provided, however, that no such supplemental indenture shall (i) extend the stated maturity of any Security, or reduce the rate or extend the time of payment of interest thereon or reduce any amount payable on redemption thereof or reduce the amount of the principal of an Original Issue Discount Security that would be due and payable upon an acceleration of the maturity thereto pursuant to Section 5.01, or impair or affect the right of any Securityholder to institute suit for the payment thereof or the right of repayment if any, at the option of the Securityholder, without the consent of the holder of each Security so affected or (ii) reduce the aforesaid percentage of Securities of any series or of all series (voting as one class), as the case may be, the consent of the holders of which is required for any such supplemental indenture, without the consent of the holders of all Securities of each such series so affected.

A supplemental indenture that changes or eliminates any covenant or other provision of this Indenture that has expressly been included solely for the benefit of one or more particular series of Securities, or that modified the rights of holders of such series with respect to such covenant or provision, shall be deemed not to affect the rights under this Indenture of the holders of any other series.

Upon the request of the Company, accompanied by a copy of a resolution of its Board of Directors certified by the Secretary or an Assistant Secretary of the Company authorizing the execution of any such supplemental indenture, and upon the filing with the Trustee of evidence of the consent of Securityholders as aforesaid, the Trustee shall join with the Company in the execution of such supplemental indenture, provided that if such supplemental indenture affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, the Trustee may in its discretion, but shall not be obligated to, enter into such supplemental indenture.

It shall not be necessary for the consent of the Securityholders under this Section 9.02 to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such consent shall approve the substance thereof.

Promptly after the execution by the Company and the Trustee of any supplemental indenture pursuant to the provisions of this Section 9.02, the Company shall mail a notice to the Securityholders of each series affected thereby, setting forth in general terms the substance of such supplemental indenture. Any failure of the Company to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture.

SECTION 9.03. Effect of Supplemental Indentures. Upon the execution of any supplemental indenture pursuant to the provisions of this Article Nine, this Indenture shall be and be deemed to be modified and amended in accordance therewith and the respective rights, limitation of rights, obligations, duties and immunities under this Indenture of the Trustee, the

Company and the holders of Securities of each series affected thereby shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such supplemental indenture shall be and be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

SECTION 9.04. Securities May Bear Notation of Changes by Supplemental Indentures. Securities of any series authenticated and delivered after the execution of any supplemental indenture affecting such series pursuant to the provisions of this Article Nine, or after any action taken at a Securityholders' meeting pursuant to Article Eight, may bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture or as to any action taken at any such meeting. If the Company or the Trustee shall so determine, new Securities of any series so modified as to conform, in the opinion of the Trustee and the Board of Directors of the Company, to any modification of this Indenture contained in any such supplemental indenture may be prepared by the Company, authenticated by the Trustee and delivered in exchange for the Securities of such series then outstanding.

SECTION 9.05. Opinion of Counsel. The Trustee, subject to the provisions of Section 6.01 and 6.02, may rely upon, and shall be entitled to receive, an Opinion of Counsel as conclusive evidence that any such supplemental indenture complies with the provisions of this Article Nine.

ARTICLE TEN

CONSOLIDATION, MERGER AND SALE

SECTION 10.01. Company May Consolidate, etc., on Certain Terms. Nothing contained in this Indenture or in any of the Securities shall prevent any consolidation or merger of the Company with or into any other corporation or corporations (whether or not affiliated with the Company) or successive consolidations or mergers in which the Company or its successor or successors shall be a party or parties, or shall prevent any sale or conveyance of the property of the Company as an entirety, or substantially as an entirety, to any other corporation (whether or not affiliated with the Company) authorized to acquire and operate the same; provided, however, and the Company hereby covenants and agrees, that any such consolidation, merger, sale or conveyance shall be upon the condition that (a) immediately after such consolidation, merger, sale or conveyance no Event of Default, and no event that upon notice or lapse of time, or both, would become an Event of Default, shall have occurred and be continuing with respect to the corporation (whether the Company or such other corporation) formed by or surviving any such consolidation or merger, or to which such sale or conveyance shall have been made; (b) the corporation (if other than the Company) formed by or surviving any such consolidation or merger, or to which such sale or conveyance shall have been made, shall be a corporation organized under the laws of the United States of America or any State thereof; and (c) the due and punctual payment of the principal of, premium, if any, and interest on all of the Securities, according to their tenor, and the due and punctual performance and

observance of all the covenants and conditions of this Indenture to be performed or observed by the Company, shall be expressly assumed, by supplemental indenture complying with the requirements of Article Nine, satisfactory in form to the Trustee, executed and delivered to the Trustee by the corporation formed by such consolidation, or into which the Company shall have been merged, or by the corporation that shall have acquired such property. If at any time there shall be any consolidation or merger or sale or conveyance or lease of property to which the covenant of this Section 10.01 is applicable, then in any such event the successor corporation will promptly deliver to the Trustee:

(1) an Officer's Certificate stating that as of the time immediately after the effective date of any such transaction the covenants of the Company and conditions contained in this Section 10.01 have been complied with and the successor corporation is not in default under the provisions of the Indenture; and

(2) an Opinion of Counsel stating that in the opinion of such counsel such covenants have been complied with and that any instrument or instruments executed in the performance of such covenants comply with the requirements thereof.

SECTION 10.02. Successor Corporation to be Substituted. In case of any such consolidation, merger, sale or conveyance and upon the assumption by the successor corporation, in the manner hereinabove provided, of the due and punctual payment of the principal or premium, if any, and interest on all of the Securities and the due and punctual performance and observance of all of the covenants and conditions of this Indenture to be performed or observed by the Company, such successor corporation shall succeed to and be substituted for the Company, with the same effect as if it had been named herein as the party of the first part. Such successor corporation thereupon may cause to be signed, and may issue either in its own name or in the name of Southwest Airlines Co., any or all of the Securities issuable hereunder that theretofore shall not have been signed by the Company and delivered to the Trustee; and, upon the order of such successor corporation (instead of the Company) and subject to all the terms, conditions and limitations in this Indenture prescribed, the Trustee shall authenticate and shall deliver any Securities that previously shall have been signed and delivered by the officers of the Company to the Trustee of authentication, and any Securities that such successor corporation thereafter shall cause to be signed and delivered to the Trustee for that purpose. All the Securities so issued shall in all respects have the same legal rank and benefit under this Indenture as the Securities theretofore or thereafter issued in accordance with the terms of this Indenture as though all of such Securities had been issued at the date of the execution hereof. In the event of any such sale or conveyance and upon any such assumption, the Company or any successor corporation which shall theretofore have become such in the manner described in this Article Ten shall be discharged from all obligations and covenants under this Indenture and the Securities so assumed and may be liquidated and dissolved.

- 42 -

In case of any such consolidation, merger, sale or conveyance such changes in phraseology and form (but not in substance) may be made in the Securities thereafter to be issued as may be appropriate.

ARTICLE ELEVEN

SATISFACTION AND DISCHARGE OF INDENTURE; UNCLAIMED MONEYS

SECTION 11.01. Satisfaction and Discharge of Indenture. If at any time (a) the Company shall have paid or caused to be paid the principal of and interest on all the Securities of each series outstanding hereunder, as and when the same shall have become due and payable, or (b) the Company shall have delivered to the Trustee for cancellation (i) all securities of any series theretofore authenticated (other than any Securities of any series that shall have been destroyed, lost or stolen and that shall have been replaced or paid as provided in Section 2.08) and (ii) Securities for whose payment moneys have theretofore been deposited in trust and segregated and held in trust by the Company and thereafter returned to the Company or discharged from such trust, as provided in Section 11.04 or (c) (i) all such Securities not theretofore delivered to the Trustee for cancellation shall have become due and payable, or are by their terms to become due and payable within one year or are to be called for redemption under arrangements satisfactory to the Trustee for the giving of notice of redemption, and (ii) the Company shall have irrevocably deposited or caused to be deposited with the Trustee as trust funds an amount (other than moneys returned by the Trustee or any Paying Agent to the Company in accordance with Section 11.04) sufficient to pay at maturity or upon redemption all such Securities not theretofore delivered to the Trustee for cancellation, including principal and interest due or to become due to such date of maturity or date of redemption, as the case may be, and if, in any such case, the Company shall also pay or cause to be paid all other sums payable hereunder by the Company with respect to Securities of such series, then this Indenture shall cease to be of further effect with respect to Securities of such series (except as to (i) rights of registration of transfer and exchange, (ii) substitution of apparently mutilated, defaced, destroyed, lost or stolen Securities, (iii) the rights, obligations and immunities of the Trustee hereunder and (iv) the rights of the Securityholders of such series as beneficiaries hereof with respect to the property so deposited with the Trustee payable to all or any of them), and the Trustee, on demand of the Company accompanied by an Officers' Certificate and an Opinion of Counsel (each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with) and at the cost and expense of the Company, shall execute proper instruments acknowledging such satisfaction of and discharging this Indenture with respect to such series; provided that the rights of holders of the Securities of such series to receive amounts in respect of principal of and interest on the Securities held by them shall not be delayed longer than required by then-applicable mandatory rules or policies of any securities exchange upon which the Securities of such series are listed and provided further that the Company shall not be discharged from any payment obligations in

respect of any Securities, and such obligations shall be reinstated, if the Trustee is unable to apply any money in accordance with this Section by reason of any legal proceeding or any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application until such time as the Trustee is able to apply such money or the obligations are otherwise satisfied. The Company agrees to reimburse the Trustee of any costs or expenses thereafter reasonably and properly incurred and to compensate the Trustee for any services thereafter reasonably and properly rendered by the Trustee in connection with this Indenture or the Securities of such series.

SECTION 11.02. Application by Trustee of Funds Deposited for Payment of Securities. Subject to Section 11.04, all moneys deposited with the Trustee pursuant to Section 11.01 shall be held in trust and applied by it to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent), to the holders of the particular Securities of such series, for the payment or redemption of which such moneys have been deposited with the Trustee, of all sums due and to become due thereon for principal, interest and premium, if any.

SECTION 11.03. Repayment of Moneys Held by Paying Agent. In connection with the satisfaction and discharge of this Indenture with respect to such series of Securities, all moneys then held by any Paying Agent under the provisions of this Indenture with respect to any such series of Securities shall, upon demand of the Company or the Trustee, be paid to the Trustee and thereupon such Paying Agent shall be released from all further liability with respect to such moneys.

SECTION 11.04. Repayment of Moneys Held by Trustee. Any moneys deposited with the Trustee or any Paying Agent, or then held by the Company, for the payment of the principal of, premium, if any, or interest on any Securities of any series and not applied but remaining unclaimed by the holders of Securities for two years after the date upon which such payment shall have become due, shall be repaid to the Company by the Trustee or by such Paying Agent on demand; or, if then held by the Company, shall be discharged from such trust; and thereupon the Trustee and such Paying Agent or the Company as trustee shall be released from all further liability with respect to such moneys, and the holder of any for the Securities of such series entitled to receive such payment shall thereafter look only to the Company for the payment thereof; provided however, that the Trustee or Paying Agent, before being required to make any such payment, may at the expense of the Company cause to be published once, in a newspaper published in the English language, customarily published on each Business Day and of general circulation in Dallas, Texas, or cause to be mailed to each Securityholder of such series, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be repaid to the Company.

SECTION 11.05. Satisfaction, Discharge and Defeasance of Securities of any Series. If this Section 11.05 is specified, as contemplated by Section 2.03, to be applicable to Securities

of any series, the Company shall be deemed to have paid and discharged the entire indebtedness on all the Securities of any such series at the time outstanding, and the Trustee, at the expense of the Company, shall execute proper instruments acknowledging satisfaction, discharge and defeasance of such indebtedness, when

(1) either

(A) with respect to all Securities of such series at the time outstanding,

(i) the Company has deposited or caused to be deposited with the Trustee as trust funds in trust for the purpose an amount sufficient to pay and discharge the entire indebtedness on all such Securities for principal and interest, on the days on which such principal or interest, as the case may be, is due and payable in accordance with the terms of this Indenture and such Securities, to the date of maturity or date of redemption thereof as contemplated by the penultimate paragraph of this Section 11.05, as the case may be; or

(ii) the Company has deposited or caused to be deposited with the Trustee as obligations in trust for the purpose such amount of non-callable direct obligations of, or obligations the principal of and interest on which are fully guaranteed by, the United States of

America as will, together with the income to accrue thereon without consideration of any reinvestment thereof, be sufficient to pay and discharge the entire indebtedness on all such Securities for principal and interest, on the days on which such principal or interest, as the case may be, is due and payable in accordance with the terms of this Indenture and such Securities, to the date of maturity or date of redemption thereof as contemplated by the penultimate paragraph of this Section 11.05, as the case may be; or

(B) the Company has properly fulfilled such other means of satisfaction and discharge as is specified, as contemplated by Section 2.03, to be applicable to the Securities of such series;

(2) the Company has paid or caused to be paid all other sums payable with respect to the Securities of such series at the time outstanding and all other amounts due under the Indenture with respect to such series;

(3) such deposit will not result in a breach or violation of, or constitute a default under, this Indenture or any other agreement or instrument to which the Company is a party or by which it is bound;

(4) no Event of Default or event that, after notice or lapse of time or both, would become an Event of Default shall have occurred and be continuing on the date of such deposit;

- 45 -

(5) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel to the effect that the Company has received from, or that there has been published by, the Internal Revenue Service a ruling to the effect that holders of the Securities of such series will not recognize income, gain or loss for federal income tax purposes as a result of such deposit, satisfaction, discharge and defeasance and will be subject to federal income tax on the same amounts and in the same manner and at the same times, as would have been the case if such deposit, satisfaction, discharge and defeasance had not occurred; and

(6) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction, discharge and defeasance of the entire indebtedness on all Securities of any such series at the time outstanding have been complied with.

Any deposits with the Trustee referred to in Section 11.05(1)(A) above shall be irrevocable and shall be made under the terms of an escrow trust agreement in form and substance satisfactory to the Trustee. If any Securities of such series at the time outstanding are to be redeemed prior to their stated maturity, whether pursuant to any optional redemption provisions or in accordance with any mandatory sinking fund requirement, the Company shall make such arrangements as are satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company.

Upon the satisfaction of the conditions set forth in this Section 11.05 with respect to all the Securities of any series at the time outstanding, the terms and conditions of such series, including the terms and conditions with respect thereto set forth in this Indenture, shall no longer be binding upon, or applicable to, the Company, provided that the Company shall not be discharged from any payment obligations in respect of Securities of such series that are deemed not to be outstanding under clause (c) of the definition thereof if such obligations continue to be valid obligations in accordance with this Section by reason of any legal proceeding or any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application.

ARTICLE TWELVE

IMMUNITY OF INCORPORATORS, SHAREHOLDERS, OFFICERS AND DIRECTORS

SECTION 12.01. Incorporators, Shareholders, Officers and Directors of Company Exempt from Individual Liability. No records under or upon any obligation, covenant or agreement of this Indenture, or of any Security, or for any claim based thereon or otherwise in respect thereof shall be had against any incorporator, shareholder, officer or director, as such, past, present or future, of the Company or of any successor corporation, either directly or through the Company or such successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being

expressly understood that this Indenture and the obligations issued hereunder are solely corporate obligations, and that no such personal liability whatever shall attach to, or is or shall be incurred by, the incorporators, shareholders, officers or directors, as such, past, present or future, of the Company or of any successor corporation, or any of them, because of the reason of the indebtedness hereby authorized, or under or by reason of the obligations, covenants or agreements contained in this Indenture or in any of the Securities or implied therefrom; and that any and all such personal liability of every name and nature, either at common law or in equity or by constitution or statute, of and any and all such rights and claims against, every such incorporator, shareholder, officer or director, as such, because of the creation of the indebtedness hereby authorized, or under or by reason of the obligations, covenants or agreements contained in this Indenture or in any of the Securities or implied therefrom are hereby expressly waived and released as a condition of, and as a consideration for, the execution of this Indenture and the issue of such Securities.

ARTICLE THIRTEEN

MISCELLANEOUS PROVISIONS

SECTION 13.01. Successors and Assigns of Company Bound by Indenture. All the covenants, stipulations, promises and agreements in this Indenture contained by or on behalf of the Company shall bind its successors and assigns, whether so expressed or not.

SECTION 13.02. Acts of Board, Committee or Officer of Successor Corporation Valid. Any act or proceeding by any provision of this Indenture authorized or required to be done or performed by any board, committee or officer of the Company shall and may be done and performed with like force and effect by the like board, committee or officer of any corporation that shall at the time be the lawful sole successor of the Company.

SECTION 13.03. Required Notices or Demands May be Served by Mail; Waiver. Any notice, direction, request or demand that by any provisions of this Indenture is required or permitted to be given or served by the Trustee or by the holders of Securities to or on the Company may be given or served by being deposited, postage prepaid, certified or registered mail, addressed (until another address is filed by the Company with the Trustee for such purpose), as follows: Southwest Airlines Co., P.O. Box 36611, Dallas, Texas 75235, Attention: Treasurer. Any notice, direction, request or demand by any Securityholder to or upon the Trustee shall be deemed to have been sufficiently given or made, for all purposes, if given or made at the principal office of the Trustee.

Where this Indenture provides for notice to Securityholders, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first class, postage prepaid, to each holder entitled thereto, at his last address as it appears in the Security register or registers. In any case where notice to holders is given by mail, neither the

failure to mail such notice, nor any defect in any notice so mailed, to any particular holder shall affect the sufficiency of such notice with respect to other holders.

In case, by reason of the suspension of or irregularities in regular mail service, it shall be impracticable to mail notice to the Company or Securityholders when such notice is required to be given pursuant to any provision of this Indenture, then any manner of giving such notice as shall be satisfactory to the Trustee shall be deemed to be a sufficient giving of such notice.

Where this Indenture provides for notice in any manner, such notice may be waived in writing by the person entitled to receive such notice, either before or after the event or action relating thereto, and such waiver shall be the equivalent of such notice. Waivers of notice by Securityholders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 13.04. Indenture and Securities to be Construed in Accordance with the Laws of the State of Texas. This Indenture and each Security shall be deemed to be a contract made under the laws of the State of Texas, and for all purposes shall be construed in accordance with the laws of said State, except as otherwise required by mandatory provisions of law.

SECTION 13.05. Evidence of Compliance with Conditions Precedent. Upon any request or application by the Company to the Trustee to take any action under any of the provisions as of this Indenture, the Company shall furnish to

the Trustee an Officers' Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with, and an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent have been complied with, except that in the case of any such application or demand as to which the furnishing of such documents is specifically required by any provision of this Indenture relating to such particular application or demand, no additional certificate or opinion need be furnished.

Each certificate or opinion provided for in this Indenture and delivered to the Trustee with respect to compliance with a condition or covenant provided for in this Indenture shall include (1) a statement that the person making such certificate or opinion has read such covenant or condition; (2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based; (3) a statement that, in the opinion of such person, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and (4) a statement as to whether or not, in the opinion of such person, such condition or covenant has been complied with.

Any certificate, statement or opinion of an officer of the Company may be based, insofar as it relates to legal matters, upon a certificate or opinion of or representations by counsel, unless such officer knows that the certificate or opinion or representations with respect to the matters upon which his certificate, statement or opinion may be based as aforesaid are

- 48 -

erroneous, or in the exercise of reasonable care should know that the same are erroneous. Any certificate, statement or opinion of counsel may be based, insofar as it relates to factual matters, on information that is in the possession of the Company, upon the certificate, statement or opinion of or representations by an officer or officers of the Company, unless such counsel knows that the certificate, statement or opinion or representations with respect to the matters upon which his certificate, statement or opinion may be based as aforesaid are erroneous, or in the exercise of reasonable care should know that the same are erroneous.

Any certificate, statement or opinion of an officer of the Company or of counsel may be based, insofar as it relates to accounting matters, upon a certificate or opinion of or representations by an accountant or firm of accountants unless such officer or counsel, as the case may be, knows that the certificate or opinion or representations with respect to the accounting matters upon which his certificate, statement or opinion may be based as aforesaid are erroneous, or in the exercise of reasonable care should know that the same are erroneous. Any certificate or opinion of any independent firm of public accountants filed with the Trustee shall contain a statement that such firm is independent.

SECTION 13.06. Payments Due on Saturdays, Sundays, and Holidays. In any case where the date of payment of interest on or principal of the Securities of any series, or the date fixed for redemption or repayment of any such Security, shall not be a Business Day, then payment of interest or principal (and premium, if any) need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the date of payment or the date fixed for redemption, and no interest shall accrue for the period after such date.

SECTION 13.07. Provisions Required by Trust Indenture Act of 1939 to Control. If and to the extent that any provision of this Indenture limits, qualifies or conflicts with the duties imposed by operation of subsection (c) of Section 318 of the Trust Indenture Act of 1939, the imposed duties shall control.

SECTION 13.08. Provisions of the Indenture and Security for the Sole Benefit of the Parties and the Securityholders. Nothing in this Indenture or in the Securities, expressed or implied, shall give or be construed to give any person, firm or corporation, other than the parties hereto and their successors and the holders of the Securities, any legal or equitable right, remedy or claim under or in respect of this Indenture, or under any covenant, condition or provision herein contained; all its covenants, conditions and provisions being for the sole benefit of the parties hereto and their successors and the holders of the Securities.

SECTION 13.09. Indenture May be Executed in Counterparts. This Indenture may be executed in any number of counterparts, each of which shall be an original; but such counterparts shall together constitute but one and the same instrument.

SECTION 13.10. Article and Section Headings. The Article and Section heading references herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 13.11. Severability. If any provision hereof shall be held to be invalid, illegal or unenforceable under applicable law, then the remaining provisions hereof shall be construed as though such invalid, illegal or unenforceable provision were not contained herein.

ARTICLE FOURTEEN

REDEMPTION OF SECURITIES AND SINKING FUNDS

SECTION 14.01. Applicability of Article. The provisions of this Article shall be applicable to the Securities of any series that are redeemable before their maturity or to any sinking fund for the retirement of Securities of a series, in either case as specified as contemplated by Section 2.03 for Securities of such series.

SECTION 14.02. Notice of Redemption; Partial Redemptions. Notice of redemption to the holders of Securities of any series to be redeemed as a whole or in part shall be given by mailing notice of such redemption by first class mail, postage prepaid, at least 30 days and not more than 60 days prior to the date fixed for redemption to such holders of Securities of such series at their last addresses as they shall appear upon the Security register or registers. Any notice that is mailed in the manner herein provided shall be conclusively presumed to have been duly given, whether or not the holder receives the notice. Failure to give notice by mail, or any defect in the notice to the holder of any Security of a series designated for redemption as a whole or in part shall not affect the validity of the proceedings for the redemption of any other Security of such series.

The notice of redemption to each such holder shall specify the principal amount of each Security of such series held by such holder to be redeemed, the date fixed for redemption, the redemption price, the place or places of payment, that payment will be made upon presentation and surrender of such Securities, that such redemption is pursuant to the mandatory or optional sinking fund, or both, if such be the case, that interest accrued to the date fixed for redemption will be paid as specified in said notice and that on and after said date interest thereon or on the portions thereof to be redeemed will cease to accrue. In case any Security of a series is to be redeemed in part only the notice of redemption shall state the portion of the principal amount thereof to be redeemed and shall state that on and after the date fixed for redemption, upon surrender of such Security, a new Security or Securities of such series in principal amount equal to the unredeemed portion thereof will be issued.

The notice of redemption of Securities of any series to be redeemed at the option of the Company shall be given by the Company or, at the Company's request, by the Trustee for such series in the name and at the expense of the Company.

No later than the redemption date specified in the notice of redemption given as provided in this Section, the Company will deposit with the Trustee or with one or more Paying Agents (or, if the Company is acting as its own Paying Agent, set aside, segregate and hold in trust as provided in Section 3.04) an amount of money sufficient to redeem on the redemption date all the Securities of such series so called for redemption at the appropriate redemption price, together with accrued interest to the date fixed for redemption. If less than all the outstanding Securities of a series are to be redeemed, the Company will deliver to the Trustee at least 70 days (or such shorter period acceptable to the Trustee) prior to the date fixed for redemption an Officers' Certificate stating the aggregate principal amount of Securities to be redeemed.

If less than all the Securities of a series are to be redeemed, the Trustee shall select, in such manner as it shall deem appropriate and fair, Securities of such series to be redeemed in whole or in part. Securities may be redeemed in part in multiples equal to the minimum authorized denomination for Securities of such series or any integral multiple thereof. The Trustee shall promptly notify the Company in writing of the Securities of such series selected for redemption and, in the case of any Securities of such series selected for partial redemption, the principal amount of each such Security to be redeemed. For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of the Securities of any series shall relate, in the case of any Security redeemed or to be redeemed only in part, to the portion of the principal amount of such Security which has been or is to be redeemed.

SECTION 14.03. Payment of Securities Called for Redemption. If notice of redemption has been given as above provided, the Securities or portions of Securities specified in such notice shall become due and payable on the date and at the place or places stated in such notice at the applicable redemption price, together with interest accrued to the date fixed for redemption, and on and after said date (unless the Company shall default in the payment of such Securities at the redemption price, together with interest accrued to said date) interest on the Securities or portions of Securities so called for redemption shall cease to accrue and, except as provided in Sections 6.05 and 11.04, such Securities shall cease from and after the date fixed for redemption to be entitled to any benefit or security under this Indenture, and the holders thereof shall have no right in respect of such Securities except the right to receive the redemption price thereof and unpaid interest to the date fixed for redemption. On presentation and surrender of such Securities at a place of payment specified in said notice, said Securities or the specified portions thereof shall be paid and redeemed by the company at the applicable redemption price, together with interest accrued thereon to the date fixed for redemption; provided that any semiannual payment of interest becoming due on the date fixed for redemption shall be payable to the holders of such Securities registered as such on the relevant record date subject to the terms and provisions of Section 2.04 hereof.

If any Security called for redemption shall not be so paid upon surrender thereof for redemption, the principal shall, until paid or duly provided for, bear interest from the date fixed for redemption at the rate of interest or Yield to Maturity (in the case of an Original Issue Discount Security) borne by the Security.

- 51 -

Upon presentation of any Security redeemed in part only, the Company shall execute and the Trustee shall authenticate and deliver to or on the order of the holder thereof, at the expense of the Company, a new Security or Securities of such series, of authorized denominations, in principal amount equal to the unredeemed portion of the Security so presented.

SECTION 14.04. Exclusion of Certain Securities from Eligibility for Selection for Redemption. Securities shall be excluded from eligibility for selection for redemption if they are identified by registration and certificate number in a written statement signed by an authorized officer of the Company and delivered to the Trustee at least 45 (or such lesser number, not less than 30, as the Trustee may permit) days prior to the last date on which notice of redemption may be given as being owned by, and not pledged or hypothecated by, either (i) the Company or (ii) an Affiliate specifically identified in such written statement.

SECTION 14.05. Mandatory and Optional Sinking Funds. The minimum amount of any sinking fund payment provided for by the terms of Securities of any series is herein referred to as a "mandatory sinking fund payment," and any payment in excess of such minimum amount provided for by the terms of Securities of any series is herein referred to as an "optional sinking fund payment." The last date on which a sinking fund payment may be made in each year is herein referred to as the "sinking fund payment date."

In lieu of making all or any part of any mandatory sinking fund payment with respect to any series of Securities in cash, the Company may at its option (i) deliver to the Trustee Securities of such series theretofore purchased or otherwise acquired (except upon redemption pursuant to the mandatory sinking fund) by the Company or receive credit for Securities of such series (not previously so credited) theretofore purchased or otherwise acquired (except as aforesaid) by the Company and delivered to the Trustee for cancellation pursuant to Section 2.09, (ii) receive credit for optional sinking fund payments (not previously so credited) made pursuant to this Section, or (iii) receive credit for Securities of such series (not previously so credited) redeemed by the Company through any optional redemption provisions contained in the terms of such Securities. Securities so delivered or credited shall be received or credited by the Trustee at the sinking fund redemption price specified in such Securities.

On or before the sixtieth day (or such later day, no later than the thirtieth, as the Trustee may permit) next preceding each sinking fund payment date for any series, the Company will deliver to the Trustee a written statement (which need not contain the statements required by Section 13.05) signed by an authorized officer of the Company (i) specifying the portion of the mandatory sinking fund payment to be satisfied by payment of cash and the portion to be satisfied by credit of Securities of such series, (ii) stating that none of the securities of such series has theretofore been so credited, (iii) stating that no defaults in the payment of interest or Events of Default with respect to such series have occurred (which have not been waived or cured) and are continuing and (iv) stating whether or not the Company intends to exercise its right to make an optional sinking fund payment with respect to

such series, and, if so, specifying the amount of such optional sinking fund payment that the Company intends to pay on or before

- 52 -

the next succeeding sinking fund payment date. Any Securities of such series to be credited and required to be delivered to the Trustee in order for the Company to be entitled to credit therefor as aforesaid that have not theretofore been delivered to the Trustee shall be delivered for cancellation pursuant to Section 2.09 to the Trustee with such written statement (or reasonably promptly thereafter if acceptable to the Trustee). Such written statement shall be irrevocable and upon its receipt by the Trustee the Company shall become unconditionally obligated to make all the cash payments therein referred to, if any, on or before the next succeeding sinking fund payment date. Failure of the Company, on or before any such sixtieth day (or such later day as the Trustee may have permitted), to deliver such written statement and Securities specified in this paragraph, if any, shall not constitute a default but shall constitute, on and as of such date, the irrevocable election of the Company (i) that the mandatory sinking fund payment for such series due on the next succeeding sinking fund payment date shall be paid entirely in cash without the option to deliver or credit Securities of such series in respect thereof and (ii) that the Company will make no optional sinking fund payment with respect to such series as provided in this Section.

If the sinking fund payment or payments (mandatory or optional or both) made in cash plus any unused balance of any preceding sinking fund payments made in cash shall exceed \$50,000 (or a lesser sum if the Company shall so request) with respect to the Securities of any particular series, such cash shall be applied on the next succeeding sinking fund payment date to the redemption of Securities of such series at the sinking fund redemption price together with accrued interest to the date fixed for redemption. If such amount shall be \$50,000 or less and the Company makes no such request then it shall be carried over until a sum in excess of \$50,000 is available. The Trustee shall select, in the manner provided in Section 14.02, for redemption on such sinking fund payment date a sufficient principal amount of Securities of such series to absorb said cash, as nearly as may be, and shall (if requested in writing by the Company) inform the Company or an entity known by the Trustee to be an Affiliate, as shown by the Security register or registers, and not known to the Trustee to have been pledged or hypothecated by the Company or any such entity or (ii) identified in a written statement delivered to the Trustee pursuant to Section 14.04 as being owned by, and not pledged or hypothecated by, the Company or an Affiliate shall be excluded from Securities of such series eligible for selection for redemption. The Trustee, in the name and at the expense of the Company (or the Company, if it shall so request the Trustee in writing) shall cause notice of redemption of the Securities of such series to be given in substantially the manner provided in Section 14.02 (and with the effect provided in Section 14.03) for the redemption of Securities of such series in part at the option of the Company. The amount of any sinking fund payments not so applied or allocated to the redemption of Securities of such series shall be added to the next cash sinking fund payment and, together with such payment, shall be applied in accordance with the provisions of this Section 13.04. Any and all sinking fund moneys held on the stated maturity date of the Securities of any particular series (or earlier, if such maturity is accelerated), that are not held for the payment or redemption of particular Securities of such series shall be applied, together with other moneys if necessary, sufficient for the purpose, to the payment of the principal of, and interest on, the Securities of such series at maturity.

- 53 -

The Trustee shall not redeem or cause to be redeemed any Securities of a series with sinking fund moneys or mail any notice of redemption of Securities for such series by operation of the sinking funds during the continuance of a default in payment of interest on such Securities or of any Event of Default except that, where the mailing of notice of redemption of any securities shall theretofore have been made, the Trustee shall redeem or cause to be redeemed such Securities, provided that it shall have received from the Company a sum sufficient for such redemption. Except as aforesaid, any moneys in the sinking fund for such series at the time when any such default or Event of Default shall occur, and any moneys thereafter paid into the sinking fund, shall, during the continuance of such default or Event of Default, be deemed to have been collected under Article Five and held for the payment of all such Securities. In case such Event of Default shall have been waived as provided in Article Five or the default cured on or before the sixtieth day preceding the sinking fund payment date in any year, such moneys shall thereafter be applied on the next succeeding sinking fund payment date in accordance with this Section to the redemption of such Securities.

_____, the party of the second part, hereby

accepts the trust in this Indenture declared and provided, upon the terms and conditions hereinabove set forth.

- 54 -

IN WITNESS WHEREOF, SOUTHWEST AIRLINES CO. the party of the first part, has caused this Indenture to be signed and acknowledged by its Chairman of the Board, a Vice Chairman of the Board, its President or one of its Vice Presidents, and the same to be attested by its Secretary or an Assistant Secretary; and _____, the party of the second part, has caused this Indenture to be signed and acknowledged by one of its Vice Presidents, has caused its corporate seal to be affixed hereunto, and the same to be attested by _____, all as of the day and year first written above.

SOUTHWEST AIRLINES CO.

By _____
(Title) _____

ATTEST:

(Title) _____

By _____
(Title) _____

ATTEST:

(Title) _____

- 55 -

ACKNOWLEDGEMENTS

STATE OF TEXAS)
) ss.:
COUNTY OF DALLAS)

BEFORE ME, _____ a Notary Public, on this day personally appeared _____, known to me to be the person whose name is subscribed to the foregoing instrument, and known to me to be _____ of SOUTHWEST AIRLINES CO., a Texas corporation, and acknowledged to me that he/she executed the same for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed of said corporation.

GIVEN under my hand and seal of office this _____ day of _____, 1995.

NOTARY PUBLIC - STATE OF TEXAS

STATE OF _____)
) ss.:
COUNTY OF _____)

BEFORE ME, _____ a Notary Public, on this day personally appeared _____, known to me to be the person whose name

is subscribed to the foregoing instrument, and known to me to be
_____ of _____, and acknowledged
to me that he/she executed the same for the purposes and consideration therein
expressed, in the capacity therein stated, and as the act and deed of said
corporation.

GIVEN under my hand and seal of office this _____ day of _____,
1995.

NOTARY PUBLIC - STATE OF TEXAS

May 5, 1995

Southwest Airlines Co.
P. O. Box 36611
Dallas, TX 75235

Dear Sirs:

I have represented Southwest Airlines Co., a Texas corporation (the "Company") in connection with the proposed offering, issuance and sale of up to \$400,000,000 principal amount of Pass Through Certificates (the "Certificates") to be issued from time to time under a Pass Through Trust Agreement (the "Agreement") between the Company and Wilmington Trust Company, as Trustee (the "Trustee"), such Certificates to bear interest at such rates and to be payable at such times, to mature at such times and otherwise to have such terms as may be set forth from time to time in separate Trust Supplements to the Agreement and as contemplated by the Prospectus included as part of the Registration Statement on Form S-3 (the "Registration Statement") with respect to the Certificates which is being filed with the Securities and Exchange Commission under the Securities Act of 1933 and Rule 415 thereunder.

For the purposes of this opinion, I have examined such corporate records and other documents and have reviewed such questions of law as I considered necessary or appropriate for the purposes of this opinion.

Based on such examination and review, I hereby advise you that, in my opinion, when the Registration Statement has become effective under the Securities Act of 1933, and all necessary proceedings have been taken by the Board of Directors or the Executive Committee of such Board of Directors of the Company in connection with the authorization, issuance and sale of the Certificates of a particular series and related matters, the execution and delivery to the Company of the Agreement and each Trust Supplement thereto will have been duly authorized by the Company. Assuming the due authorization, execution, issuance, authentication and delivery of the Certificates by the Trustee in accordance with the terms of the Agreement and assuming (i) the due authorization, execution and delivery of such Agreement by the Trustee and (ii) that any equipment notes previously issued by any Owner Trustee pursuant to any related Indenture have been delivered to the respective Loan Trustees for cancellation and have been canceled, the Certificates, when issued and sold in accordance with the terms of the Prospectus related to Certificates which constitutes part of the Registration Statement and the prospectus supplement or supplements related to such series of Certificates, will constitute valid and binding

Southwest Airlines Co.
May ____, 1995
Page 2

obligations of the Trustee entitling the holders thereto the benefits of the Agreement except as may be limited by (a) applicable bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting enforcement of creditors' rights generally and (b) general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

In rendering the foregoing opinion, I have relied on the opinion of Potter, Anderson & Corroon, special counsel to the Trustee, with respect to all matters opined to therein and my opinion is subject to all the assumptions contained in such opinion.

I hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the reference to me under the caption "Legal Opinions" in the Prospectus relating to the Certificates forming a part of the Registration Statement. In giving this consent, I do not thereby admit that I am within the category of persons whose consent is required under Section 7 of the Securities Act of 1933 and the rules and regulations of the Securities and Exchange Commission thereunder.

Sincerely,

/s/ DEBORAH ACKERMAN
Deborah Ackerman

May 3, 1995

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

Re: Southwest Airlines Co. --
Pass Through Certificates, Shelf Registration

Ladies and Gentlemen:

We have acted as special counsel for Wilmington Trust Company, a Delaware banking corporation ("Wilmington Trust"), in its individual capacity and as Trustee (the "Trustee"), under a Pass Through Trust Agreement, dated as of February 1, 1993 (the "Agreement"), between Southwest Airlines Co., a Texas corporation ("Southwest"), and the Trustee. The Trustee will issue Pass Through Certificates pursuant to the Agreement in one or more series in an aggregate principal amount of up to \$400,000,000 (the "Pass Through Certificates"), to be registered with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "1933 Act"), by a Registration Statement on Form S-3 to be filed with the Securities and Exchange Commission on or about the date hereof (the "Registration Statement").

As such counsel, we have participated in the preparation of the Pass Through Certificates, the Agreement, the discussion in the Prospectus for the Pass Through Certificates (the "Prospectus") constituting part of the Registration Statement entitled "Certain Delaware Taxes," and other agreements and documents relating to the transactions therein contemplated, and we have examined and relied upon originals, or copies certified or otherwise identified to our satisfaction, of such documents, corporate records and other instruments as we have deemed necessary or advisable for the purposes of this opinion.

Southwest Airlines Co.

May __, 1995

Page 2

The opinions set forth herein are based on and limited to the Federal laws of the United States of America governing the banking and trust powers of Wilmington Trust and the laws of the State of Delaware. Insofar as the matters referred to herein relate to the laws of the State of New York, we have assumed that the laws of the State of New York are in all material respects identical to the laws of the State of Delaware (as to which we express no opinion).

Based on the foregoing, we are of the opinion that:

1. The execution, authentication, issuance and delivery by the Trustee of the Pass Through Certificates and the Agreement have been duly authorized by the Trustee.

2. With respect to the Pass Through Certificates of each series, when (a) the Trust Supplement establishing the terms of the Pass Through Certificates of such series and forming the related Trust shall have been duly authorized, executed and delivered by Southwest and the Trustee in accordance with the terms and conditions of the Agreement, and (b) the Pass Through Certificates of such series shall have been duly executed, authenticated, issued and delivered by the Trustee and sold as contemplated by each of the Registration Statement, the Prospectus, the supplement or supplements to the Prospectus relating to the Pass Through Certificates of such series, the Agreement and the related Trust Supplement, assuming the due authorization, execution and delivery of the Agreement by Southwest and the Trustee and that the terms of the Pass Through Certificates of such series are in compliance with then applicable law, (i) the Agreement, as supplemented by the Trust Supplement, will constitute a valid and binding obligation of the Trustee enforceable against the Trustee in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting enforcement of creditors' rights generally and by general principles of equity, and (ii) the Pass Through Certificates of such series will be validly issued and will be entitled to the benefits of the Agreement and the related Trust Supplement.

Southwest Airlines Co.

May __, 1995

Page 3

3. The discussion in the Prospectus contained in the Registration Statement entitled "Certain Delaware Taxes," insofar as it relates to statements of law or legal conclusions in the first two sentences thereof, is correct in all material respects.

We hereby consent to the filing of this opinion as an Exhibit to the Registration Statement and to the use of our name in the second sentence of the first paragraph under the caption "Certain Delaware Taxes" in the Prospectus contained in the Registration Statement. In giving this consent, we do not thereby admit that we are in the category of persons whose consent is required under Section 7 of the 1933 Act or the Rules and Regulations of the Securities and Exchange Commission.

Very truly yours,

/s/ Potter Anderson & Corroon

[VINSON & ELKINS LETTERHEAD]

May 1, 1995

Southwest Airlines Co.
2702 Love Field Drive
Post Office Box 36611
Dallas, Texas 75235-1611

Gentlemen:

You have requested our opinion as to the discussion of the material federal income tax consequences of the purchase, ownership and disposition of the Pass-Through Certificates offered for sale pursuant to the Prospectus related to the Certificates forming a part of the Company's Registration Statement on Form S-3 filed with the Securities and Exchange Commission (the "Prospectus"). Capitalized terms used but not defined herein have the meanings specified in the Prospectus.

We have reviewed the discussion set forth in the Prospectus under the heading "Certain Federal Income Tax Consequences," and in our opinion the discussion and the legal conclusions set forth therein are accurate and complete in all material respects.

Our opinion is based and conditioned upon the initial and continuing accuracy of the facts and assumptions set forth in the Prospectus. Our opinion is also based upon existing provisions of the Internal Revenue Code of 1986, as amended, regulations promulgated or proposed thereunder and interpretations thereof by the Internal Revenue Service and the courts, all of which are subject to change with prospective or retroactive effect, and our opinion could be adversely affected or rendered obsolete by any such change.

We hereby consent to the filing of this opinion letter as an exhibit to the Registration Statement and to the references to Vinson & Elkins L.L.P. under the headings "Certain Federal Income Tax Consequences" and "Legal Opinions" in the Prospectus. In giving this consent, we do not thereby admit that we are within the category of the persons whose consent is required under Section 7 of the 1933 Act and the rules and regulations of the Securities and Exchange Commission promulgated thereunder.

Very truly yours,

/s/ VINSON & ELKINS L.L.P.

VINSON & ELKINS L.L.P.

CONSENT OF INDEPENDENT AUDITORS

We consent to the reference to our firm under the caption "Experts" in the Registration Statement (Form S-3) and related Prospectuses of Southwest Airlines Co. for the registration of \$400,000,000 of Debt Securities and Pass Through Certificates and to the incorporation by reference therein of our report dated January 26, 1995, with respect to the consolidated financial statements of Southwest Airlines Co. included in its Annual Report (Form 10-K) for the year ended December 31, 1994, filed with the Securities and Exchange Commission.

ERNST & YOUNG LLP

Dallas, Texas
May 4, 1995

POWER OF ATTORNEY

SOUTHWEST AIRLINES CO.

KNOW ALL MEN BY THESE PRESENTS, that the undersigned director and/or officer of SOUTHWEST AIRLINES CO., a Texas corporation, does hereby make, constitute, and appoint, HERBERT D. KELLEHER, GARY C. KELLY and DEBORAH ACKERMAN, and each of them acting individually, his true and lawful attorney with power to act one without the others and with full power of substitution, to execute, deliver and file, for and on his behalf, and in his name and in his capacity or capacities as aforesaid, (i) a Registration Statement on Form S-3 (or other appropriate form) for filing with the Securities and Exchange Commission under the Securities Act of 1933, as amended, and Rule 415 thereunder and (ii) any other documents in support thereof or supplemental thereto, with respect to an issue by the Company of (a) Pass Through Certificates and/or other secured debt obligations and (b) debenture, notes and/or other debt obligations in an aggregate amount up to \$400,000,000 (public offering price), and (iii) any and all amendments thereto, hereby granting to said attorneys and each of them full power and authority to do and perform each and every act and thing whatsoever as said attorney or attorneys may deem necessary or advisable to carry out fully the intent of the foregoing and as the undersigned might or could do personally or in the capacity or capacities as aforesaid, and hereby ratifying and confirming all acts and things which said attorney or attorneys may do or cause to be done by virtue of these presents.

IN WITNESS WHEREOF, each of the undersigned has hereunto set his hand as of this 3rd day of May, 1995.

<TABLE>

<S>	<C>
/s/ Samuel E. Barshop	/s/ Gene H. Bishop

-----	-----
Samuel E. Barshop	Gene H. Bishop

-----	/s/ Herbert D. Kelleher
William P. Hobby, Jr.	-----
	Herbert D. Kelleher

/s/ Rollin W. King	/s/ Travis C. Johnson
-----	-----
Rollin W. King	Travis C. Johnson

/s/ Walter M. Mischer, Sr.	-----

Walter M. Mischer, Sr.	June M. Morris

C. Webb Crockett	

</TABLE>

Registration No.

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY UNDER THE TRUST INDENTURE ACT OF 1939
OF A CORPORATION DESIGNATED TO ACT AS TRUSTEE

CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF A TRUSTEE PURSUANT TO
SECTION 305(B)(2) ☒ X

WILMINGTON TRUST COMPANY
(Exact name of trustee as specified in its charter)

Delaware 51-0055023
(State of incorporation) (I.R.S. employer identification no.)

Rodney Square North
1100 North Market Street
Wilmington, Delaware 19890
(Address of principal executive offices)

Cynthia L. Corliss
Vice President and Trust Counsel
Wilmington Trust Company
Rodney Square North
Wilmington, Delaware 19890
(302) 651-8516
(Name, address and telephone number of agent for service)

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

Texas 74-1563240
(State of incorporation) (I.R.S. employer identification no.)

2702 Love Field Drive
P.O. Box 36611
Dallas, Texas 75235-1611
(Address of principal executive offices) (Zip Code)

Pass Through Trust Certificates
(Title of the indenture securities)

=====

ITEM 1. GENERAL INFORMATION.

Furnish the following information as to the trustee:

- (a) Name and address of each examining or supervising authority to which it is subject.
- Federal Deposit Insurance Co. State Bank Commissioner
Five Penn Center Dover, Delaware
Suite #2901
Philadelphia, PA
- (b) Whether it is authorized to exercise corporate trust powers.
- The trustee is authorized to exercise corporate trust powers.

ITEM 2. AFFILIATIONS WITH THE OBLIGOR.

If the obligor is an affiliate of the trustee, describe each affiliation:

Based upon an examination of the books and records of the trustee and upon information furnished by the obligor, the obligor is not an affiliate of the trustee.

ITEM 3. LIST OF EXHIBITS.

List below all exhibits filed as part of this Statement of Eligibility and Qualification.

- A. Charter of Wilmington Trust Company, which includes the certificate of authority of Wilmington Trust Company to commence business and the authorization of Wilmington Trust Company to exercise corporate trust powers. Said Charter is incorporated herein by reference to Registration No. 22-21841/Pre-Effective Amendment No. 3 to Form T-1 filed by Wilmington Trust Company in May, 1992, with respect to Subordinated Notes due 2002 of Supermarkets General Holdings Corporation.
- B. By-Laws of Wilmington Trust Company. Said By-Laws are incorporated herein by reference to Registration No. 22-21841/Pre-Effective Amendment No. 3 to Form T-1 filed by Wilmington Trust Company in May, 1992, with respect to Subordinated Notes due 2002 of Supermarket Generals Holdings Corporation.
- C. Consent of Wilmington Trust Company required by Section 321(b) of Trust Indenture Act.
- D. Copy of most recent Report of Condition of Wilmington Trust Company.

Pursuant to the requirements of the Trust Indenture Act of 1939, the trustee, Wilmington Trust Company, a corporation organized and existing under the laws of Delaware, has duly caused this Statement of Eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Wilmington and State of Delaware on the 3rd day of May, 1995.

WILMINGTON TRUST COMPANY

[SEAL]

Attest:/s/ W. Chris Sponenberg
Assistant Secretary

By:/s/ Norma P. Closs
Name: Norma P. Closs
Title: Vice President

2

EXHIBIT C

SECTION 321(B) CONSENT

Pursuant to Section 321(b) of the Trust Indenture Act of 1939, Wilmington Trust Company hereby consents that reports of examinations by Federal, State, Territorial or District authorities may be furnished by such authorities to the Securities Exchange Commission upon requests therefor.

WILMINGTON TRUST COMPANY

Dated: May 3, 1995

By: /s/ Norma P. Closs
Name: Norma P. Closs
Title: Vice President

3

EXHIBIT "D"

NOTICE

This form is intended to assist state nonmember banks and savings banks with state publication requirements. It has not been approved by any state banking authorities. Refer to your appropriate state banking authorities for your state publication requirements.

REPORT OF CONDITION

Consolidating domestic subsidiaries of the

WILMINGTON TRUST COMPANY of WILMINGTON
Name of Bank City

in the State of DELAWARE, at the close of business on December 31, 1994.

<TABLE>
<CAPTION>
ASSETS

Thousands

of dollars	
<S>	
<C>	
Cash and balances due from depository institutions:	
Noninterest-bearing balances and currency and coins	196,088
Interest-bearing balances	0
Held-to-maturity securities	706,396
Available-for-sale securities	252,556
Federal funds sold	15,860
Securities purchased under agreements to resell	116,500
Loans and lease financing receivables:	
Loans and leases, net of unearned income.	3,189,633
LESS: Allowance for loan and lease losses.	46,554
LESS: Allocated transfer risk reserve.	0
Loans and leases, net of unearned income, allowance, and reserve	3,143,079
Assets held in trading accounts	0
Premises and fixed assets (including capitalized leases)	66,834
Other real estate owned	21,404
Investments in unconsolidated subsidiaries and associated companies	2,415
Customers' liability to this bank on acceptances outstanding	0
Intangible assets	5,129
Other assets	98,605
Total assets	4,624,866

CONTINUED ON NEXT PAGE

<TABLE>
<CAPTION>
LIABILITIES

<S>	
<C>	
Deposits:	
In domestic offices	3,200,395
Noninterest-bearing	700,402
Interest-bearing.	2,499,993
Federal funds purchased	153,625
Securities sold under agreements to repurchase	126,856
Demand notes issued to the U.S. Treasury	37,308
Trading liabilities	0
Other borrowed money:	//////
With original maturity of one year or less	621,800
With original maturity of more than one year	0
Mortgage indebtedness and obligations under capitalized leases	2,093
Bank's liability on acceptances executed and outstanding	0
Subordinated notes and debentures	

Other liabilities	0
Total liabilities	88,513
Limited-life preferred stock and related surplus	4,230,590
	0

Perpetual preferred stock and related surplus	0
Common Stock	500
Surplus	62,118
Undivided profits and capital reserves	331,953
Net unrealized holding gains (losses) on available-for-sale securities	(295)
Total equity capital	394,276
Total liabilities, limited-life preferred stock, and equity capital	4,624,866

We, the undersigned directors, attest to the correctness of this statement of resources and liabilities. We declare that it has been examined by us, and to the best of our knowledge and belief has been prepared in conformance with the instructions and is true and correct.

/s/ Carolyn S. Burger

 /s/ David P. Roselle

 /s/ Leonard W. Quill

I, David R. Gibson

 Name
 Senior Vice President

 Title

of the above-named bank
 do hereby declare that
 this Report of Condition
 is true and correct to
 the best of my knowledge
 and belief.

/s/ David R. Gibson

 Signature
 1/30/95

 Date