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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): May 2, 2011



SOUTHWEST AIRLINES CO.

(Exact name of registrant as specified in its charter)

Texas
(State or other Jurisdiction
of Incorporation)

1-7259
(Commission
File Number)

74-1563240
(IRS Employer
Identification No.)

P.O. Box 36611, Dallas, Texas
(Address of Principal Executive Offices)

75235-1611
(Zip Code)

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

Not Applicable
(Former name or former address if changed since last report.)

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

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

On May 2, 2011, AirTran Holdings, Inc. (“AirTran”) became a wholly owned subsidiary of Southwest Airlines Co. (“Southwest”), as a result of the merger of Guadalupe Holdings Corp. (“Merger Sub”) with and into AirTran (the “Merger”). The Merger was effected pursuant to the Agreement and Plan of Merger, dated as of September 26, 2010, by and among Southwest, AirTran and Merger Sub (the “Merger Agreement”). Pursuant to the terms of the Merger Agreement, each outstanding share of AirTran common stock was converted into and became exchangeable for 0.321 fully paid and nonassessable shares of Southwest common stock, with any fractional shares to be paid in cash, and \$3.75 in cash.

Upon the closing of the Merger, AirTran became a wholly owned subsidiary of Southwest and the shares of AirTran common stock, which previously traded under the ticker symbol “AAI” on the NYSE, ceased trading on, and were delisted from, the NYSE.

The description of the Merger contained herein does not purport to be complete and is qualified in its entirety by reference to the Merger Agreement, which was filed as Exhibit 2.1 to Southwest’s Current Report on Form 8-K filed with the Securities and Exchange Commission (the “Commission”) on September 27, 2010 and is incorporated herein by reference.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

In connection with the Merger, Southwest assumed AirTran’s \$74,750,000 aggregate principal amount of 5.50% Convertible Senior Notes due 2015 (the “5.50% Notes”), \$115,000,000 aggregate principal amount of 5.25% Convertible Senior Notes due 2016 (the “5.25% Notes”) and \$5.472 million aggregate principal amount of 7% Convertible Notes due 2023 (the “7.0% Notes” and, together with the 5.50% Notes and the 5.25% Notes, the “Notes”). Associated therewith, Southwest, AirTran, AirTran Airways, Inc. (“AirTran Airways”) and certain other subsidiaries of Southwest issued supplemental indentures to the indentures governing the notes as follows:

Supplemental Indentures to Senior Indenture governing 5.50% Convertible Senior Notes due 2015

- Second Supplemental Indenture, dated as of May 2, 2011, among Southwest, AirTran, and U.S. Bank, National Association, as trustee.
- Third Supplemental Indenture, dated as of May 2, 2011, among Southwest, AirTran Holdings, LLC, and U.S. Bank, National Association, as trustee.
- Fourth Supplemental Indenture, dated as of May 3, 2011, among Southwest, Pedernales Debt Sub, LLC, and U.S. Bank, National Association, as trustee.
- Fifth Supplemental Indenture, dated as of May 3, 2011, between Southwest and U.S. Bank, National Association, as trustee.

Supplemental Indentures to Senior Indenture governing 5.25% Convertible Senior Notes due 2016

- Second Supplemental Indenture, dated as of May 2, 2011, among Southwest, AirTran, and U.S. Bank, National Association, as trustee.
- Third Supplemental Indenture, dated as of May 2, 2011, among Southwest, AirTran Holdings, LLC, and U.S. Bank, National Association, as trustee.
- Fourth Supplemental Indenture, dated as of May 3, 2011, among Southwest, Pedernales Debt Sub, LLC, and U.S. Bank, National Association, as trustee.

- Fifth Supplemental Indenture, dated as of May 3, 2011, between Southwest and U.S. Bank, National Association, as trustee.

Supplemental Indentures to Indenture governing 7.0% Convertible Notes due 2023

- First Supplemental Indenture, dated as of May 2, 2011, among Southwest, AirTran, AirTran Airways and Wilmington Trust Company, as trustee.
- Second Supplemental Indenture, dated as of May 2, 2011, among Southwest, AirTran Holdings, LLC, AirTran Airways and Wilmington Trust Company, as trustee.
- Third Supplemental Indenture, dated as of May 3, 2011, among Southwest, Pedernales Debt Sub, LLC, AirTran Airways and Wilmington Trust Company, as trustee.
- Fourth Supplemental Indenture, dated as of May 3, 2011, among Southwest, AirTran Airways and Wilmington Trust Company, as trustee.

The terms of the Notes are set forth in the indentures governing the Notes, as supplemented by the supplemental indentures thereto, each of which is filed with or incorporated by reference into this Form 8-K.

Item 7.01 Regulation FD Disclosure.

On May 2, 2011, Southwest issued a press release announcing the completion of the Merger. A copy of the press release is attached hereto as Exhibit 99.1.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
4.1	Senior Indenture, dated as of April 30, 2008, between AirTran and U.S. Bank, National Association, as trustee (incorporated by reference to Exhibit 4.1 to AirTran's Current Report on Form 8-K, File No. 1-15991, filed with the SEC on May 2, 2008).
4.2	First Supplemental Indenture, dated as of April 30, 2008, between AirTran and U.S. Bank, National Association, as trustee (incorporated by reference to Exhibit 4.2 to AirTran's Current Report on Form 8-K, File No. 1-15991, filed with the SEC on May 2, 2008), to the Senior Indenture identified above as Exhibit 4.1.
4.3	Second Supplemental Indenture, dated as of May 2, 2011, among Southwest, AirTran, and U.S. Bank, National Association, as trustee, to the Senior Indenture identified above as Exhibit 4.1.
4.4	Third Supplemental Indenture, dated as of May 2, 2011, among Southwest, AirTran Holdings, LLC, and U.S. Bank, National Association, as trustee, to the Senior Indenture identified above as Exhibit 4.1.
4.5	Fourth Supplemental Indenture, dated as of May 3, 2011, among Southwest, Pedernales Debt Sub, LLC, and U.S. Bank, National Association, as trustee, to the Senior Indenture identified above as Exhibit 4.1.
4.6	Fifth Supplemental Indenture, dated as of May 3, 2011, between Southwest and U.S. Bank, National Association, as trustee, to the Senior Indenture identified above as Exhibit 4.1.

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- 4.7 Senior Indenture, dated as of October 14, 2009, between AirTran and U.S. Bank, National Association, as trustee (incorporated by reference to Exhibit 4.1 to AirTran's Current Report on Form 8-K, File No. 1-15991, filed with the SEC on October 14, 2009).
- 4.8 First Supplemental Indenture, dated as of October 14, 2009, between AirTran and U.S. Bank, National Association, as trustee (incorporated by reference to Exhibit 4.1 to AirTran's Current Report on Form 8-K, File No. 1-15991, filed with the SEC on October 14, 2009), to the Senior Indenture identified above as Exhibit 4.7.
- 4.9 Second Supplemental Indenture, dated as of May 2, 2011, among Southwest, AirTran, and U.S. Bank, National Association, as trustee, to the Senior Indenture identified above as Exhibit 4.7.
- 4.10 Third Supplemental Indenture, dated as of May 2, 2011, among Southwest, AirTran Holdings, LLC, and U.S. Bank, National Association, as trustee, to the Senior Indenture identified above as Exhibit 4.7.
- 4.11 Fourth Supplemental Indenture, dated as of May 3, 2011, among Southwest, Pedernales Debt Sub, LLC, and U.S. Bank, National Association, as trustee, to the Senior Indenture identified above as Exhibit 4.7.
- 4.12 Fifth Supplemental Indenture, dated as of May 3, 2011, between Southwest and U.S. Bank, National Association, as trustee, to the Senior Indenture identified above as Exhibit 4.7.
- 4.13 Indenture, dated as of May 7, 2003, among AirTran, AirTran Airways and Wilmington Trust Company, as trustee (incorporated by reference to Exhibit 4.1 to AirTran's Form S-3, File No. 333-107415, filed with the SEC on July 28, 2003).
- 4.14 First Supplemental Indenture, dated as of May 2, 2011, among Southwest, AirTran, AirTran Airways and Wilmington Trust Company, as trustee, to the Indenture identified above as Exhibit 4.13.
- 4.15 Second Supplemental Indenture, dated as of May 2, 2011, among Southwest, AirTran Holdings, LLC, AirTran Airways and Wilmington Trust Company, as trustee, to the Indenture identified above as Exhibit 4.13.
- 4.16 Third Supplemental Indenture, dated as of May 3, 2011, among Southwest, Pedernales Debt Sub, LLC, AirTran Airways and Wilmington Trust Company, as trustee, to the Indenture identified above as Exhibit 4.13.
- 4.17 Fourth Supplemental Indenture, dated as of May 3, 2011, among Southwest, AirTran Airways and Wilmington Trust Company, as trustee, to the Indenture identified above as Exhibit 4.13.
- 99.1 Press Release of Southwest Airlines Co.

SIGNATURE

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

SOUTHWEST AIRLINES CO.

Date: May 3, 2011

By: /s/ Laura H. Wright

Name: Laura H. Wright

Title: Senior Vice President Finance and
Chief Financial Officer

(Principal Financial and Accounting Officer)

EXHIBIT INDEX

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 - 99.1 Press Release of Southwest Airlines Co.

SECOND SUPPLEMENTAL INDENTURE

This Second Supplemental Indenture (this “**Supplemental Indenture**”), dated as of May 2, 2011, is entered into by and among AirTran Holdings, Inc., a Nevada corporation (the “**Company**”), Southwest Airlines Co., a Texas corporation (“**Southwest**”), and U.S. Bank National Association, a national banking association, as trustee hereunder (the “**Trustee**”). Capitalized terms used herein and not otherwise defined have the meanings set forth in the First Supplemental Indenture referred to below.

WHEREAS, the Company and the Trustee are parties to a Senior Indenture dated as of April 30, 2008 (the “**Original Indenture**”) and a First Supplemental Indenture dated as of April 30, 2008 relating to the issuance of the 5.50% Convertible Senior Notes due 2015 (the “**First Supplemental Indenture**,” and the Original Indenture as supplemented by the First Supplemental Indenture, the “**Indenture**”);

WHEREAS, the Company, Southwest, and Guadalupe Holdings Corp., a Nevada corporation and wholly owned subsidiary of Southwest (“**Merger Sub**”), are parties to that certain Agreement and Plan of Merger dated as of September 26, 2010 (the “**Merger Agreement**”), pursuant to which, at the effective time of the Merger contemplated thereby (the “**Effective Time**”), Merger Sub was merged with and into the Company such that the separate corporate existence of Merger Sub ceased and the Company continued as the surviving corporation (the “**Merger**”), and each share of Common Stock of the Company issued and outstanding immediately prior to the Effective Time was converted into the right to receive 0.321 of a share of Southwest’s common stock, par value \$1.00 per share, and \$3.75 in cash, in each case as set forth in the Merger Agreement;

WHEREAS, Section 4.09 of the First Supplemental Indenture provides that in the event of a sale or conveyance as an entirety or substantially as an entirety of the property and assets of the Company, directly or indirectly, to another Person as a result of which holders of outstanding shares of the Common Stock of the Company are entitled to receive stock (other than the Common Stock of the Company), other securities, other property, assets or Cash (or any combination thereof) for shares of such Common Stock of the Company, then the Company, or such successor, surviving or purchasing Person, as the case may be, shall, as a condition precedent to such sale or conveyance, execute and deliver to the Trustee a supplemental indenture providing (i) that, at the effective time of such sale or conveyance, the settlement of the Securities tendered for conversion will be based on, and the property deliverable in respect of any such settlement will consist of, the kind and amount of shares of stock, other securities or other property or assets (including Cash or any combination thereof) that holders of shares of the Common Stock of the Company are entitled to receive in respect of each share of Common Stock of the Company upon such sale or conveyance and (ii) for adjustments of the Conversion Rate which will be nearly as equivalent as may be practicable to the adjustments of the Conversion Rate provided for in Article 4 of the First Supplemental Indenture;

WHEREAS, Section 6.01 of the First Supplemental Indenture provides that the Company shall not consolidate with, or merge into, any other Person or convey, transfer or lease all or substantially all of the Company’s properties and assets to any other Person in a single transaction or series of transactions if, as a result of such transaction, the Securities become

convertible into common stock or other securities issued by a third party, unless such third party fully and unconditionally guarantees all obligations of the Company, or such other Person under the Securities and the Indenture;

WHEREAS, the Merger constitutes a Reorganization Event, Fundamental Change and Make-Whole Fundamental Change;

WHEREAS, in accordance with Section 8.01 of the Indenture, the Company and the Trustee may amend or supplement the Indenture or the Securities as provided in this Supplemental Indenture without notice to, or consent of, any Securityholder;

WHEREAS, each of the Company and Southwest have duly authorized the execution and delivery of this Supplemental Indenture;

WHEREAS, the Company has furnished the Trustee with an Opinion of Counsel and an Officer's Certificate in accordance with the Indenture, stating that the execution of this Supplemental Indenture is authorized or permitted by the Indenture; and

WHEREAS, all things necessary to make this Supplemental Indenture a valid agreement of the Company, Southwest and the Trustee and a valid amendment of, and supplement to, the Indenture have been done, and the entry into this Supplemental Indenture by the parties hereto is in all respects authorized by the provisions of the Indenture.

NOW, THEREFORE, in consideration of the premises set forth herein and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto covenant and agree for the equal and proportionate benefit of all Holders of the Securities, as follows:

ARTICLE I
DEFINITIONS

Section 1.01. Definitions. Section 1.02 of the First Supplemental Indenture is hereby amended as follows:

(a) The definition of "Common Stock" is hereby amended and restated in its entirety to read as follows:

"Common Stock" means, subject to Section 4.09, shares of common stock, \$1.00 par value, of Southwest, at the Effective Time or shares of any class or classes resulting from any reclassification or reclassifications thereof and that have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of Southwest and that are not subject to redemption by Southwest; *provided* that if at any time there shall be more than one such resulting class, the shares of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

(b) The definition of “AirTran Consideration Unit” is hereby added and shall read as follows:

“**AirTran Consideration Unit**” means 0.321 shares of Common Stock plus the Cash Component.

(c) The definition of “Cash Component” is hereby added and shall read as follows:

“**Cash Component**” means the cash portion of the AirTran Consideration Unit, which is \$3.75, without interest.

(d) The definition of “Effective Time” is hereby added and shall read as follows:

“**Effective Time**” means the time on May 2, 2011 when Guadalupe Holdings Corp., a Nevada corporation and wholly owned subsidiary of Southwest, merged with and into the Company pursuant that certain Agreement and Plan of Merger dated as of September 26, 2010 by and among the Company, Guadalupe Holdings Corp. and Southwest.

(e) The definition of “Southwest” is hereby added and shall read as follows:

“**Southwest**” means Southwest Airlines, Co., a Texas corporation, and subject to the provisions of Section 4.09 of the First Supplemental Indenture, shall include its successors and assigns.

ARTICLE II EFFECT OF THE MERGER

Section 2.01. Conversion to AirTran Consideration Units. All references to “shares of Common Stock” and “Common Stock” in Sections 4.01, 4.02(b), 4.03(b), 4.03(c), 5.01, 7.01 and 8.02 of the First Supplemental Indenture are hereby amended and replaced with “AirTran Consideration Units.”

Section 2.02. Conversion Rate. In accordance with Section 4.09 of the First Supplemental Indenture, Section 4.02(a) of the First Supplemental Indenture is hereby amended and restated in its entirety to read as follows:

Section 4.02. Conversion Rate. (a) The Securities shall be convertible into a number of AirTran Consideration Units at an initial conversion rate (the “Initial Conversion Rate”) of 260.4167 AirTran Consideration Units (subject to adjustments as provided in Section 4.02(c), Section 4.06 and Section 4.11 of this First Supplemental Indenture, as so adjusted from time to time, the “**Conversion Rate**”) per \$1,000 principal amount of Securities.

A Holder of a Security otherwise entitled to a fractional share will receive Cash in an amount equal to the value of such fractional share based on the Closing Price of the Common Stock on the related Conversion Date.

A Security for which a Holder has delivered a Fundamental Change Repurchase Notice requiring the Company to purchase the Securities may be surrendered for conversion only if such notice is withdrawn in accordance with this First Supplemental Indenture.

Section 2.03. Conversion Procedure. The last three sentences of Section 4.03(a) of the First Supplemental Indenture are hereby amended and restated in their entirety as follows:

The Company shall deliver the AirTran Consideration Units to the Holder through a Conversion Agent, and with respect to the shares of Common Stock included in the AirTran Consideration Units, such shares shall be delivered in the form of a certificate for the number of whole shares of Common Stock issuable upon the conversion or, in the case of holders of Securities in book-entry form with DTC, in accordance with DTC customary practices. In each case, the Company shall also deliver to such holder Cash in lieu of any fractional shares of Common Stock pursuant to Section 4.02(a) of this First Supplemental Indenture. The Company shall deliver such AirTran Consideration Units (including any Cash in lieu of fractional shares of Common Stock), except as set forth in Section 4.02(c) and subject to Section 4.04 of this First Supplemental Indenture, in any event no later than the third Trading Day immediately following the Conversion Date.

Section 2.04. Stock Price. In accordance with Section 4.09 of the First Supplemental Indenture, the first paragraph of Section 4.02(c) of the First Supplemental Indenture is hereby amended and restated in its entirety to read as follows:

(c) The increase in the Conversion Rate, expressed as a number of Additional Shares to be received per \$1,000 principal amount of Securities, will be determined by the Company by reference to the table attached as Exhibit B hereto, based on the earliest of the date on which the Make-Whole Fundamental Change is publicly announced, occurs or becomes effective (the “**Adjustment Date**”) and the price paid or deemed to be paid per 0.321 of a share of Common Stock plus the Cash Component in the transaction constituting the Make-Whole Fundamental Change (the “**Stock Price**”) subject to adjustment as set forth in the next paragraph; *provided* that if a Holder of the Common Stock receives only Cash in connection with such transaction, the Stock Price shall be the Cash amount paid per 0.321 of a share of Common Stock plus the Cash Component. In all other cases, the Stock Price will be the average of the Closing Prices of 0.321 of a share of the Common Stock over the thirty consecutive Trading Days prior to, but not including, the date of effectiveness of the Make-Whole Fundamental Change plus the Cash Component. If the Stock Price is between two Stock Prices in the table or the Adjustment Date is between two Adjustment Dates in the table, the number of Additional Shares will be determined by a straight-line interpolation between the number of Additional Shares set forth for the higher and lower Stock Prices and the earlier and later Adjustment Dates based on a 365-day year, as applicable. If the Stock Price is in excess of \$30.00 (subject to adjustment in the same manner as the Stock Price), no increase in

the Conversion Rate will be made and if the Stock Price is less than \$3.20 (subject to adjustment in the same manner as the Stock Price), no increase in the Conversion Rate will be made. Notwithstanding anything to the contrary, in no event will the number of Additional Shares to be added to the Conversion Rate pursuant to Section 4.02(b) above and this Section 4.02(c) exceed 52.0833 AirTran Consideration Units (subject to adjustment in the same manner in which the Conversion Rate is adjusted, as set forth in Section 4.06 hereof) per \$1,000 principal amount of Securities.

For the avoidance of doubt, the amendments and supplements to the Indenture contained in this Supplemental Indenture shall not result in any additional adjustment to the Conversion Rate or result in Additional Shares in connection with or related to the Merger, other than as set forth in Section 2.05 of this Supplemental Indenture.

Section 2.05. Adjustment of Conversion Rate. In accordance with Section 4.09 of the First Supplemental Indenture, Section 4.06 of the First Supplemental Indenture is hereby amended and restated in its entirety to read as set forth on Annex A hereto.

Section 2.06. Temporary Adjustment to Conversion Rate. In accordance with Sections 4.02(b) and 4.09 of the First Supplemental Indenture, as a result of the Merger, which constitutes a Make-Whole Fundamental Change, the Conversion Rate for Securities surrendered for conversion on or after April 8, 2011 and before or on June 3, 2011 shall be increased by an additional number of AirTran Consideration Units equal to 17.8427 as determined by the Company by reference to the table attached as Exhibit B to the First Supplemental Indenture.

Section 2.07. References to Southwest. In accordance with Section 4.09 of the First Supplemental Indenture, all references to “the Company” in Sections 4.05, 4.06 and 4.08 of the First Supplemental Indenture are hereby amended and replaced with “Southwest.”

Section 2.08. Effect of Reclassification, Consolidation, Merger or Sale on Conversion Price. Section 4.09 of the First Supplemental Indenture is hereby amended and restated in its entirety to read as follows:

If (1) there shall occur (a) any reclassification of the Common Stock (other than a change only in par value, or from par value to no par value, or from no par value to par value, or a change as a result of a subdivision or combination of Common Stock); (b) a statutory share exchange, consolidation, merger or combination involving Southwest other than a merger in which Southwest is the continuing corporation and which does not result in any reclassification of, or change (other than in par value, or from par value to no par value, or from no par value to par value, or a change as a result of a subdivision or combination of Common Stock) in, outstanding shares of Common Stock; or (c) a sale or conveyance as an entirety or substantially as an entirety of the property and assets of Southwest, directly or indirectly, to another Person; and (2) pursuant to such reclassification, statutory share exchange, consolidation, merger, combination, sale or conveyance, holders of outstanding shares of Common Stock would be entitled to receive stock (other than Common Stock), other securities, other property, assets or Cash (or any combination thereof) for such shares of Common Stock (any such event a “**Reorganization Event**”), then the Company, or such successor or surviving, purchasing

or transferee Person, as the case may be, shall, as a condition precedent to such Reorganization Event, execute and deliver to the Trustee a supplemental indenture signed by the principal executive officer, principal financial officer or principal accounting officer of the Company and at least one other Officer of the Company and providing that, at the effective time of the Reorganization Event, the settlement of the Securities tendered for conversion will be based on, and the property deliverable in respect of any such settlement will consist of, the kind and amount of shares of stock, other securities or other property or assets (including Cash or any combination thereof) that holders of shares of Common Stock are entitled to receive in respect of each share of Common Stock upon such Reorganization Event (the “**Reference Property**”). Such supplemental indenture shall provide for adjustments of the Conversion Rate and Cash Component, as applicable, which shall be as nearly equivalent as may be practicable to the adjustments of the Conversion Rate and Cash Component, as applicable, provided for in this Article 4. The provisions of this Section 4.09 shall similarly apply to successive Reorganization Events.

Section 2.09. Notice of Adjustment. Section 4.12 of the First Supplemental Indenture is hereby amended and restated in its entirety to read as follows:

Whenever the Conversion Rate or conversion privilege is adjusted, the Company shall promptly mail to Securityholders a notice of the adjustment in accordance with Section 1.8 of the Original Indenture, and file with the Trustee an Officers’ Certificate briefly stating the Conversion Rate (and any related change to the Cash Component), the facts giving rise to the adjustment and the manner of computing it. Unless and until the Trustee shall receive an Officers’ Certificate setting forth an adjustment of the Conversion Rate (and any related change to the Cash Component), as applicable, the Trustee may assume without inquiry that the Conversion Rate and the Cash Component have not been adjusted and that the last Conversion Rate and Cash Component of which it has knowledge remains in effect.

Section 2.10. Other Remedies. The first sentence of Section 7.03 of the First Supplemental Indenture is hereby amended and restated in its entirety to read as follows:

If an Event of Default occurs and is continuing, the Trustee may, but shall not be obligated to, pursue any available remedy by proceeding at law or in equity to collect the payment of the principal of or accrued and unpaid interest on the Securities, the payment of AirTran Consideration Units upon conversion or to enforce the performance of any provision of the Securities or the Indenture.

Section 2.11. Waiver of Defaults and Events of Default. The references to “shares of Common Stock (and Cash in lieu of any fractional shares)” in the first sentence of Section 7.04 and the second sentence of Section 7.06 of the First Supplemental Indenture are hereby amended and replaced with “AirTran Consideration Units.”

Section 2.12. Form of Reverse Side of Security. The reference to “shares of Common Stock” in Section 6 on the Form of Reverse Side of Security is hereby amended and replaced with “AirTran Consideration Units.”

Section 2.13. Conversion Notice. The reference to “Common Stock of the Company” on the form of Conversion Notice for the Securities is hereby amended and replaced with “AirTran Consideration Units.”

Section 2.14. Exhibit B. The reference to “shares of Common Stock” in Exhibit B to the First Supplemental Indenture is hereby amended and replaced with “AirTran Consideration Units.”

ARTICLE III GUARANTEES

Section 3.01. Southwest Guarantees. In accordance with Section 6.01 of the First Supplemental Indenture, Southwest hereby fully and unconditionally guarantees all obligations of the Company under the Securities and the Indenture.

ARTICLE IV MISCELLANEOUS PROVISIONS

Section 4.01. Concerning the Trustee. The Trustee assumes no duties, responsibilities, or liabilities by reason of this Supplemental Indenture other than as set forth in the Indenture. The Trustee shall not be responsible in any manner whatsoever for or in respect of (i) the validity or sufficiency of this Supplemental Indenture, (ii) the correctness of any of the provisions contained herein, or (iii) the recitals contained herein, all of which recitals are made solely by the Company and Southwest. In addition, and without limiting the foregoing, the Trustee is not charged with knowledge of the Merger Agreement or any terms thereof.

Section 4.02. Supplemental Indenture Controls. In the event of a conflict or inconsistency between the Indenture and this Supplemental Indenture, the provisions of this Supplemental Indenture shall control.

Section 4.03. Representations and Warranties. The Company represents that (a) it has all necessary power and authority to execute and deliver this Supplemental Indenture and to perform the Indenture, (b) it is a corporation organized and validly existing under the laws of the State of Nevada, (c) both before and immediately after giving effect to this Supplemental Indenture, no Default or Event of Default has or will have occurred or be continuing, and (d) this Supplemental Indenture is executed and delivered pursuant to Section 8.01 of the First Supplemental Indenture and does not require the consent of Securityholders.

Section 4.04. Governing Law. This Supplemental Indenture shall be deemed to be a contract made under the laws of the State of New York, and for all purposes shall be construed in accordance with the laws of the State of New York, without regard to conflicts of laws principles thereof.

Section 4.05. Execution in Counterparts. This Supplemental 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 4.06. Confirmation of Indenture. Except as amended and supplemented hereby, the Indenture is hereby ratified, confirmed and reaffirmed in all respects. The Indenture and this Supplemental Indenture shall be read, taken and construed as one and the same instrument. For the avoidance of doubt, Southwest does not hereby assume any obligations of the Company under the Indenture, as supplemented and amended by this Supplemental Indenture, other than as expressly provided for in this Supplemental Indenture.

Section 4.07. Headings. The titles and headings of the articles and sections of this Supplemental Indenture have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

Section 4.08. No Adverse Interpretation of Other Agreements. This Supplemental Indenture may not be used to interpret another indenture, loan, or debt agreement other than the Indenture for purposes of the Securities. Any such indenture, loan, or debt agreement may not be used to interpret this Supplemental Indenture.

Section 4.09. Successors and Assigns. All covenants and agreements made by the Company and Southwest in this Supplemental Indenture shall be binding upon their respective successors and assigns, whether expressed or not.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed.

AIRTRAN HOLDINGS, INC.

By: /s/ Ron Ricks
Name: Ron Ricks
Title: President, Secretary and Treasurer

Signature Page to Second Supplemental Indenture

AIRTRAN HOLDINGS, INC.

By: /s/ Laura Wright

Name: Laura Wright

Title: Senior Vice President Finance & Chief Financial Officer

Signature Page to Second Supplemental Indenture

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed.

SOUTHWEST AIRLINES CO.

By: /s/ Laura Wright
Name: Laura Wright
Title: Senior Vice President Finance & Chief Financial Officer

Signature Page to Second Supplemental Indenture

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: /s/ Susan Freedman
Name: Susan Freedman
Title: Vice President

Signature Page to 5.50% Second Supplemental Indenture

ANNEX A

Section 4.06. *Adjustment of Conversion Rate.* This Section 4.06 describes adjustments to the Conversion Rate to be made in connection with the events described below, as well as events that will not result in adjustment of the Conversion Rate, treatment of rights and treatment of Reference Property.

(a) If Southwest, at any time or from time to time while any of the Securities are outstanding, issues shares of Common Stock as a dividend or distribution on shares of Common Stock, or if Southwest effects a share split or share combination in respect of the Common Stock, then the Conversion Rate shall be adjusted based on the following formula:

$$CR' = CR_0 \times \frac{OS'}{OS_0}$$

where

CR_0 = the Conversion Rate in effect immediately prior to the Open of Business on the Record Date for such dividend or distribution, or the Open of Business on the effective date of such share split or combination, as applicable;

CR' = the new Conversion Rate in effect immediately after the Open of Business on the Record Date for such dividend or distribution, or the Open of Business on the effective date of such share split or share combination, as applicable;

OS_0 = the number of shares of Common Stock outstanding immediately prior to the Open of Business on the Record Date for such dividend or distribution, or the Open of Business on the effective date of such share split or share combination, as applicable; and

OS' = the number of shares of Common Stock outstanding immediately after such dividend or distribution, or the Open of Business on the effective date of such share split or share combination, as applicable.

Southwest will not pay any dividend or make any distribution on shares of Common Stock held in treasury by Southwest. If any dividend or distribution of the type described in this Section 4.06(a) is declared but not so paid or made, or the outstanding shares of Common Stock are not split or combined, as the case may be, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend, distribution, share split or share combination had not been declared.

(b) Except as otherwise provided for by Section 4.06(d) below, if Southwest, at any time or from time to time while any of the Securities are outstanding, distributes to all or substantially all holders of its outstanding shares of Common Stock any rights or warrants entitling them for a period of not more than 45 calendar days from the Record Date of such distribution to subscribe for or purchase shares of Common Stock at a price per share less than the Closing Price of the Common Stock on the Trading Day immediately preceding the Record Date of such distribution, the Conversion Rate shall be adjusted based on the following formula:

$$CR' = CR_0 \times \frac{OS_0 + X}{OS_0 + Y}$$

where

CR_0 = the Conversion Rate in effect immediately prior to the Open of Business on the Record Date for such distribution;

CR' = the new Conversion Rate in effect immediately after the Open of Business on the Record Date for such distribution;

OS_0 = the number of shares of Common Stock outstanding immediately prior to the Open of Business on the Record Date for such distribution;

X = the total number of shares of Common Stock issuable pursuant to such rights or warrants; and

Y = the number of shares of Common Stock equal to the aggregate price payable to exercise such rights or warrants divided by the average of the Closing Prices of the Common Stock over the ten consecutive Trading Day period ending on the Trading Day immediately preceding the Ex-Dividend Date for such distribution.

To the extent that shares of Common Stock are not delivered pursuant to such rights or warrants upon the expiration or termination of such rights or warrants, the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the distribution of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock actually delivered. In the event that such rights or warrants are not so distributed, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if the announcement with respect to such rights, warrants or convertible securities had not been made.

In determining the aggregate price payable to exercise such rights or warrants, there shall be taken into account any amount payable on exercise thereof, with the value of such consideration, if other than Cash, to be determined in good faith by the board of directors of Southwest.

(c) If Southwest, at any time or from time to time while any of the Securities are outstanding, shall, by dividend or otherwise, distribute to all or substantially all holders of its Common Stock shares of any class of Capital Stock of Southwest (other than Common Stock as covered by Section 4.06(a) above), evidences of its indebtedness, assets, property or rights or warrants to acquire the Southwest's Capital Stock or other securities, but excluding (i) dividends or distributions as to which an adjustment under Section 4.06(a), Section 4.06(b) or Section 4.06(d) hereof shall apply, (ii) dividends or distributions paid exclusively in Cash and (iii) Spin-Offs to which the provision set forth below in this Section 4.06(c) shall apply (any of such shares of Capital Stock, indebtedness, assets, property or rights or warrants to acquire the Common Stock or other securities, hereinafter in this Section 4.06(c) called the "**Distributed Property**"), then, in each such case the Conversion Rate shall be adjusted based on the following formula:

$$CR' = CR_0 \times \frac{SP_0}{SP_0 - FMV}$$

where

CR_0 = the Conversion Rate in effect immediately prior to the Open of Business on the Record Date for such distribution;

CR' = the new Conversion Rate in effect immediately after the Open of Business on the Record Date for such distribution;

SP_0 = the average of the Closing Prices of the Common Stock over the ten consecutive Trading Day period ending on the Trading Day immediately preceding the Ex-Dividend Date for such distribution; and

FMV = the fair market value (as determined in good faith by the Southwest's board of directors) of the portion of Distributed Property with respect to each outstanding share of Common Stock on the Record Date for such distribution.

Notwithstanding the foregoing, if the then fair market value (as so determined) of the portion of the Distributed Property so distributed applicable to one share of Common Stock is equal to or greater than SP_0 as set forth above, in lieu of the foregoing adjustment, Southwest shall distribute to each Holder on the date the Distributed Property is distributed to holders of Common Stock, but without requiring such Holder to convert its Securities, the amount of Distributed Property such Holder would have received had such Holder owned a number of shares of Common Stock equal to the Conversion Rate on the record date fixed for determination for stockholders entitled to receive such distribution. If such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate that would then be in effect if such Record Date had not been fixed. If the board of directors of Southwest determines the fair market value of any distribution for purposes of this Section 4.06(c) by reference to the actual or when issued trading market for any securities, it shall in doing so consider the prices in such market over the same period used in computing the average of the Closing Prices of the Common Stock for purposes of calculating SP_0 in the formula in this Section 4.06(c).

With respect to an adjustment pursuant to this Section 4.06(c) where there has been a payment of a dividend or other distribution on the Common Stock consisting of shares of Capital Stock of any class or series, or similar equity interest, of or relating to a Subsidiary or other business unit of Southwest (a "**Spin-Off**"), the Conversion Rate in effect immediately before the Close of Business on the tenth Trading Day immediately following, and including, the effective date of the Spin-Off shall be increased based on the following formula:

$$CR' = CR_0 \times \frac{FMV + MP_0}{MP_0}$$

where

- CR_0 = the Conversion Rate in effect immediately prior to the Close of Business on the 10th Trading Day immediately following, and including, the effective date of the Spin-Off;
- CR' = the new Conversion Rate in effect from and after the Close of Business on the 10th Trading Day immediately following, and including, the effective date of the Spin-Off;
- FMV = the average of the Closing Prices of the Capital Stock or similar equity interest distributed to holders of Common Stock applicable to one share of Common Stock over the 10 consecutive Trading Day period immediately following, and including, the effective date of the Spin-Off; and
- MP_0 = the average of the Closing Prices of Common Stock over the 10 consecutive Trading Day period immediately following, and including, the effective date of the Spin-Off.

Such adjustment shall occur on the 10th Trading Day immediately following, and including, the effective date of the Spin-Off; *provided* that, for purposes of determining the Conversion Rate, in respect of any conversion during the 10 Trading Days following the effective date of any Spin-Off, references to 10 Trading Days within the portion of this Section 4.06(c) related to “Spin-Offs” shall be deemed replaced with such lesser number of Trading Days as have elapsed between the effective date of such Spin-Off and the relevant Conversion Date.

For purposes of this Section 4.06(c), Section 4.06(a) and Section 4.06(b) hereof, any dividend or distribution to which this Section 4.06(c) is applicable that also includes shares of Common Stock, or rights or warrants to subscribe for or purchase shares of Common Stock to which Section 4.06(a) or 4.06(b) hereof applies (or both), shall be deemed instead to be (1) a dividend or distribution of the evidences of indebtedness, assets or shares of Capital Stock other than such shares of Common Stock or rights or warrants to which Section 4.06(a) or 4.06(b) hereof applies (and any Conversion Rate adjustment required by this Section 4.06(c) with respect to such dividend or distribution shall then be made) immediately followed by (2) a dividend or distribution of such shares of Common Stock or such rights or warrants to which Section 4.06(a) or 4.06(b) hereof applies (and any further Conversion Rate adjustment required by Section 4.06(a) and 4.06(b) hereof with respect to such dividend or distribution shall then be made), except (A) the Open of Business on the Record Date of such dividend or distribution shall be substituted for “the Open of Business on the Record Date,” “the Open of Business on the Record Date or the Open of Business on the effective date,” “after the Open of Business on the Record Date for such dividend or distribution or the Open of Business on the effective date of such share split or share combination” and “the Open of Business on the Record Date for such distribution” within the meaning of Section 4.06(a) and Section 4.06(b) hereof and (B) any shares of Common Stock included in such dividend or distribution shall not be deemed “outstanding immediately prior to the Open of Business on the Record Date or the Open of Business on the effective date” within the meaning of Section 4.06(a) hereof.

(d) If Southwest, at any time or from time to time while any of the Securities are outstanding, distributes rights or warrants to all holders of Common Stock entitling the holders thereof to subscribe for, purchase or convert into shares of Southwest's Capital Stock (either initially or under certain circumstances), which rights or warrants, until the occurrence of a specified event or events ("Trigger Event"): (x) are deemed to be transferred with such shares of Common Stock; (y) are not exercisable; and (z) are also issued in respect of future issuances of Common Stock, shall be deemed not to have been distributed for purposes of Section 4.06(c) above, (and no adjustment to the Conversion Rate under Section 4.06(c) above will be required) until the occurrence of the earliest Trigger Event and a distribution or deemed distribution under the terms of such rights or warrants and an appropriate adjustment (if any is required) to the Conversion Rate shall be made in the same manner as provided for under Section 4.06(c) above. If any such right or warrant are subject to events, upon the occurrence of which such rights or warrants become exercisable to purchase different securities, evidences of indebtedness or other assets, then the date of the occurrence of any and each such event shall be deemed to be the date of distribution and Record Date with respect to new rights or warrants with such rights (and a termination or expiration of the existing rights or warrants without exercise by any of the holders thereof). In addition, in the event of any distribution (or deemed distribution) of rights or warrants (of the type described in the preceding sentence) with respect thereto that was counted for purposes of calculating a distribution amount for which an adjustment to the Conversion Rate under this Section 4.06(d) was made, (1) in the case of any such rights or warrants that shall all have been redeemed or repurchased without exercise by any holders thereof, the Conversion Rate shall be readjusted upon such final redemption or repurchase to give effect to such distribution or Trigger Event, as the case may be, as though it were a Cash distribution, equal to the per share redemption or repurchase price received by a holder or holders of Common Stock with respect to such rights or warrants (assuming such holder had retained such rights or warrants), made to all holders of Common Stock as of the date of such redemption or repurchase, and (2) in the case of such rights or warrants that shall have expired or been terminated without exercise by any holders thereof, the Conversion Rate shall be readjusted as if such rights or warrants had not been issued.

(e) If Southwest, at any time or from time to time while any of the Securities are outstanding, makes a Cash dividend or distribution to all or substantially all holders of Common Stock, the Conversion Rate shall be adjusted based on the following formula:

$$CR' = CR_0 \times \frac{SP_0}{SP_0 - C}$$

where

CR_0 = the Conversion Rate in effect immediately prior to the Open of Business on the Business Day immediately prior to the Record Date for such dividend or distribution;

CR' = the new Conversion Rate in effect immediately after the Open of Business on the Record Date for such dividend or distribution;

SP_0 = the average Closing Price of the Common Stock on the Trading Day immediately preceding the Ex-Dividend Date for such dividend or distribution; and

C = the amount in Cash per share Southwest distributes or dividends to holders of Common Stock.

Notwithstanding the foregoing, if the portion of the Cash so distributed applicable to one share of Common Stock is equal to or greater than SP_0 as set forth above, in lieu of the foregoing adjustment, Southwest shall distribute to each Holder on the date the Cash dividend or distribution is paid to holders of Common Stock, but without requiring such Holder to convert its Securities, for each \$1,000 principal amount of Securities, the amount of Cash such Holder would have received had such Holder owned a number of shares of Common Stock equal to the product of 0.321 multiplied by the Conversion Rate on the Record Date for such dividend or distribution. If such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate that would then be in effect if such dividend or distribution had not been declared.

For the avoidance of doubt, for purposes of this Section 4.06(e), in the event of any reclassification of the Common Stock, as a result of which the Securities become convertible into more than one class of Common Stock, if an adjustment to the Conversion Rate is required pursuant to this Section 4.06(e), references in this Section to one share of Common Stock or Closing Price of one share of Common Stock shall be deemed to refer to a unit or to the price of a unit consisting of the number of shares of each class of Common Stock into which the Securities are then convertible equal to the numbers of shares of such class issued in respect of one share of Common Stock in such reclassification. The above provisions of this paragraph shall similarly apply to successive reclassifications.

(f) If Southwest or any of its Subsidiaries makes a payment of Cash or other consideration in respect of a tender offer or exchange offer for all or any portion of the Common Stock, where such Cash and the value of any such other consideration included in the payment per share of Common Stock validly tendered or exchanged exceeds the Closing Price of the Common Stock on the Trading Day next succeeding the last date (the “expiration date”) on which tenders or exchanges may be made pursuant to such tender or exchange offer (as it may be amended), the Conversion Rate shall be increased based on the following formula:

$$CR' = CR_0 \times \frac{AC + (SP' \times OS')}{OS_0 + SP'}$$

where

CR_0 = the Conversion Rate in effect immediately prior to the Close of Business on the Trading Day next succeeding the expiration date;

CR' = the new Conversion Rate in effect immediately after the Close of Business on the Trading Day next succeeding the expiration date;

-
- AC = the aggregate value of all Cash and any other consideration (as determined in good faith by Southwest's board of directors) paid or payable for shares purchased in such tender or exchange offer;
- OS₀ = the number of shares of Common Stock outstanding immediately prior to the date such tender or exchange offer expires;
- OS' = the number of shares of Common Stock outstanding immediately after the date such tender or exchange offer expires (after giving effect to such tender offer or exchange offer); and
- SP' = the Closing Price of Common Stock on the Trading Day next succeeding the expiration date.

If Southwest or a Subsidiary is obligated to purchase shares of Common Stock pursuant to any such tender or exchange offer, but Southwest or such Subsidiary is permanently prevented by applicable law from effecting any such purchases or all or any portion of such purchases are rescinded, then the Conversion Rate shall again be adjusted to be the Conversion Rate that would then be in effect if such tender or exchange offer had not been made or had only been made in respect of the purchases that had been effected. Except as set forth in the preceding sentence, if an adjustment to the Conversion Rate pursuant to this Section 4.06(f) with respect to any tender offer or exchange offer would result in a decrease in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this Section 4.06(f).

(g) For purposes of this Section 4.06 the term "**Record Date**" shall mean, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any Cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of Cash, securities or other property, the date fixed for determination of shareholders entitled to receive such Cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) If application of the formulas provided in Sections 4.06(a), 4.06(b), 4.06(c), 4.06(d), 4.06(e) or 4.06(f) above would result in a decrease in the Conversion Rate, no adjustment (other than a readjustment as described in such sections) to the Conversion Rate shall be made except in the case of a share split or combination of the Common Stock.

(i) If one or more events occur requiring an adjustment be made to the Conversion Rate for a particular period, adjustments to the Conversion Rate shall be determined by the Company's Board of Directors to reflect the combined impact of such Conversion Rate adjustments, as set out in this Section 4.06, during such period.

(j) If any adjustment is made to the Conversion Rate pursuant to this Section 4.06 or 4.11, then concurrently therewith (but without any further adjustment to the Conversion Rate), the Cash Component shall be adjusted based on the following formula:

$$CC' = (CC_0 \times CR_0) / CR'$$

where

CC_0 = the Cash Component in effect immediately prior to such adjustment to the Conversion Rate; and

CC' = the new Cash Component in effect immediately after such adjustment to the Conversion Rate.

CR_0 = the Conversion Rate in effect immediately prior to such adjustment to the Conversion Rate;

CR' = the new Conversion Rate in effect immediately after such adjustment to the Conversion Rate;

For the avoidance of doubt, (i) any adjustment of the Cash Component pursuant to this Section 4.06(j) shall not cause an additional adjustment to the Conversion Rate pursuant to this Section 4.06 as a result of the adjustment of the Cash Component and (ii) in no event shall the amount of cash payable on the conversion of all of the Securities immediately prior to any adjustment to the Conversion Rate pursuant to this Section 4.06 or 4.11 be different than the amount of cash payable on the conversion of all of the Securities immediately after such adjustment.

THIRD SUPPLEMENTAL INDENTURE

This Third Supplemental Indenture (this “**Supplemental Indenture**”), dated as of May 2, 2011, is entered into by and among Southwest Airlines Co., a Texas corporation (“**Southwest**”), AirTran Holdings, LLC, a Texas limited liability company and wholly owned subsidiary of Southwest (the “**Successor Company**”), and U.S. Bank National Association, a national banking association, as trustee hereunder (the “**Trustee**”). Capitalized terms used herein and not otherwise defined have the meanings set forth in the Indenture (as defined below).

WHEREAS, AirTran Holdings, Inc., a Nevada corporation (“**AirTran Holdings Inc**”), and the Trustee were the original parties to a Senior Indenture dated as of April 30, 2008 (the “**Base Indenture**”) and a First Supplemental Indenture dated as of April 30, 2008 relating to the issuance of the 5.50% Convertible Senior Notes due 2015 (the “**First Supplemental Indenture**”);

WHEREAS, AirTran Holdings Inc, Southwest and the Trustee were the original parties to a Second Supplemental Indenture dated as of May 2, 2011, which supplements the Base Indenture and the First Supplemental Indenture (the “**Second Supplemental Indenture**” and, the Base Indenture as supplemented by the First Supplemental Indenture and the Second Supplemental Indenture, the “**Indenture**”), pursuant to which Second Supplemental Indenture (among other things) Southwest fully and unconditionally guaranteed the obligations of AirTran Holdings Inc, its wholly owned subsidiary and the “Company” under the Indenture, under the Indenture and Securities;

WHEREAS, AirTran Holdings Inc and the Successor Company entered into the Agreement and Plan of Merger dated as of May 2, 2011 (the “**Merger Agreement**”), pursuant to which, at the effective time of the merger contemplated thereby, AirTran Holdings Inc was merged with and into the Successor Company such that the separate corporate existence of AirTran Holdings Inc ceased and the Successor Company continued as the surviving corporation;

WHEREAS, pursuant to Section 6.01 of the First Supplemental Indenture, AirTran Holdings Inc, as the Company under the Indenture, shall not merge into any other Person unless the surviving Person is a corporation or limited liability company organized and validly existing under the laws of the United States or any state thereof, and such Person expressly assumes, by an indenture supplemental to the Indenture, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, all of the obligations of the Company under the Securities and the Indenture;

WHEREAS, in accordance with Section 8.01 of the First Supplemental Indenture, the Successor Company, Southwest and the Trustee may amend or supplement the Indenture as provided in this Supplemental Indenture without notice to, or consent of, any Securityholder;

WHEREAS, each of Southwest and the Successor Company have duly authorized the execution and delivery of this Supplemental Indenture;

WHEREAS, the Successor Company has furnished the Trustee with an Opinion of Counsel and an Officer's Certificate in accordance with the Indenture, stating that the execution of this Supplemental Indenture is authorized or permitted by the Indenture; and

WHEREAS, all things necessary to make this Supplemental Indenture a valid agreement of the Successor Company, Southwest and the Trustee and a valid amendment of, and supplement to, the Indenture have been done, and the entry into this Supplemental Indenture by the parties hereto is in all respects authorized by the provisions of the Indenture.

NOW, THEREFORE, in consideration of the premises set forth herein and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto covenant and agree for the equal and proportionate benefit of all Holders of the Securities, as follows:

ARTICLE I
DEFINITIONS

Section 1.01 Definitions. The definition of "Board of Directors" in Section 1.1 of the Base Indenture is hereby amended and restated in its entirety to read as follows:

"**Board of Directors**" means (i) if the Company or a Guarantor is a corporation, either the board of directors of the Company or of a Guarantor, as applicable, or any duly authorized committee of that board, and (ii) if the Company or a Guarantor is a limited liability company, either the managers or members of the Company or of a Guarantor, as applicable, with whom management of the Company is vested in accordance with applicable law and the limited liability company agreement of the Company or of a Guarantor, as applicable.

ARTICLE II
CONFIRMATION OF INDENTURE; ASSUMPTION

Section 2.01 Confirmation of Indenture. Except as supplemented hereby, the Indenture, including, without limitation, Southwest's full and unconditional guaranty of all the obligations of the Company under the Indenture and Securities, is hereby ratified, confirmed, and reaffirmed in all respects. The Indenture and this Supplemental Indenture shall be read, taken, and construed as one and the same instrument.

Section 2.02 Assumption. Pursuant to, and in compliance and in accordance with, Section 6.01 of the First Supplemental Indenture, the Successor Company hereby expressly and unconditionally assumes all of the obligations of the Company under the Securities and the Indenture, including, without limitation, the due and punctual payment of the principal of, premium, if any, and interest on, the Securities and the due and punctual observance of each and every covenant and condition of the Company under the Indenture, all as if the Successor Company were originally the Company thereunder.

Section 2.03 Successor Substituted. In accordance with Section 6.02 of the First Supplemental Indenture, upon the merger of AirTran Holdings Inc into the Successor Company, the Successor Company succeeded to, and was substituted for, and may exercise every right and power of, AirTran Holdings Inc as the "Company" under the Indenture with the same effect as if the Successor Company had been named as the Company in the Indenture.

Section 2.04 Representations and Warranties. The Successor Company represents that (a) it has all necessary power and authority to execute and deliver this Supplemental Indenture and to perform the Indenture, (b) it is the successor by merger to AirTran Holdings Inc. pursuant to a valid merger effected in accordance with applicable law, (c) it is a limited liability company organized and validly existing under the laws of the State of Texas, (d) both before and immediately after giving effect to this Supplemental Indenture, no Default or Event of Default has or will have occurred or be continuing, and (e) this Supplemental Indenture is executed and delivered pursuant to Section 8.01 of the First Supplemental Indenture and does not require the consent of Securityholders.

ARTICLE III
MISCELLANEOUS PROVISIONS

Section 3.01 Concerning the Trustee. The Trustee assumes no duties, responsibilities, or liabilities by reason of this Supplemental Indenture other than as set forth in the Indenture. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by Southwest and the Successor Company. In addition, and without limiting the foregoing, the Trustee is not charged with knowledge of the Merger Agreement or any of the terms thereof.

Section 3.02 Supplemental Indenture Controls. In the event of a conflict or inconsistency between the Indenture and this Supplemental Indenture, the provisions of this Supplemental Indenture shall control.

Section 3.03 Governing Law. THIS SUPPLEMENTAL INDENTURE AND THE SECURITIES SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

Section 3.04 No Adverse Interpretation of Other Agreements. This Supplemental Indenture may not be used to interpret another indenture, loan, or debt agreement other than the Indenture for purposes of the Securities. Any such indenture, loan, or debt agreement may not be used to interpret this Supplemental Indenture.

Section 3.05 Multiple Counterparts. The parties may sign multiple counterparts of this Supplemental Indenture. Each signed counterpart shall be deemed an original, but all of them together shall represent the same agreement.

Section 3.06 Headings. The titles and headings of the articles and sections of this Supplemental Indenture have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

Section 3.07 Successors and Assigns. All covenants and agreements made by the Successor Company and Southwest in this Supplemental Indenture shall be binding upon their respective successors and assigns, whether expressed or not.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed.

SOUTHWEST AIRLINES CO.

By: /s/ Laura Wright
Name: Laura Wright
Title: Senior Vice President Finance &
Chief Financial Officer

Signature Page to 5.50% Third Supplemental Indenture

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed.

AIRTRAN HOLDINGS, LLC

By: Southwest Airlines, Co.,
its sole member

By: /s/ Laura Wright

Name: Laura Wright

Title: Senior Vice President Finance &
Chief Financial Officer

Signature Page to 5.50% Third Supplemental Indenture

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: /s/ Susan Freedman
Name: Susan Freedman
Title: Vice President

Signature Page to 5.50% Third Supplemental Indenture

FOURTH SUPPLEMENTAL INDENTURE

This Fourth Supplemental Indenture (this “**Supplemental Indenture**”), dated as of May 3, 2011, is entered into by and among Southwest Airlines Co., a Texas corporation (“**Southwest**”), Pedernales Debt Sub, LLC, a Texas limited liability company (the “**Successor Company**”), and U.S. Bank National Association, a national banking association, as trustee hereunder (the “**Trustee**”). Capitalized terms used herein and not otherwise defined have the meanings set forth in the Indenture (as defined below).

WHEREAS, AirTran Holdings, Inc., a Nevada corporation (“**AirTran Holdings Inc**”), and the Trustee were the original parties to a Senior Indenture dated as of April 30, 2008 (the “**Base Indenture**”) and a First Supplemental Indenture dated as of April 30, 2008 relating to the issuance of the 5.50% Convertible Senior Notes due 2015 (the “**First Supplemental Indenture**”);

WHEREAS, AirTran Holdings Inc, Southwest and the Trustee were the original parties to a Second Supplemental Indenture dated as of May 2, 2011, which supplements the Base Indenture and the First Supplemental Indenture (the “**Second Supplemental Indenture**”), pursuant to which Second Supplemental Indenture (among other things) Southwest fully and unconditionally guaranteed all obligations of AirTran Holdings Inc, its wholly owned subsidiary, under the Securities and the Indenture;

WHEREAS, Southwest, AirTran Holdings, LLC, a Texas limited liability company (“**AirTran LLC**”), and the Trustee entered into a Third Supplemental Indenture dated as of May 2, 2011, which supplements the Base Indenture, the First Supplemental Indenture, and the Second Supplemental Indenture (the “**Third Supplemental Indenture**” and, the Base Indenture as supplemented by the First Supplemental Indenture, the Second Supplemental Indenture, and the Third Supplemental Indenture, the “**Indenture**”), pursuant to which Third Supplemental Indenture (among other things) AirTran LLC, as successor by merger to AirTran Holdings Inc, assumed all of the obligations of the Company under the Indenture and Securities;

WHEREAS, AirTran LLC, the Successor Company and Pedernales Asset Sub, LLC, a Texas limited liability company (“**TX Asset Sub**”), entered into the Agreement and Plan of Merger dated as of May 3, 2011 (the “**Merger Agreement**”), pursuant to which, at the effective time of the merger contemplated thereby, AirTran LLC, the Successor Company and TX Asset Sub merged with and into each other and as a result of the multi-survivor merger, the Successor Company and AirTran LLC survived the merger with the Successor Company being the obligor under the Indenture and the Notes;

WHEREAS, pursuant to Section 6.01 of the First Supplemental Indenture, AirTran LLC, as the Company under the Indenture, shall not consolidate with, or merge into, any other Person unless the surviving Person is a corporation or limited liability company organized and validly existing under the laws of the United States or any state thereof, and such Person expressly assumes, by an indenture supplemental to the Indenture, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, all of the obligations of the Company under the Securities and the Indenture;

WHEREAS, in accordance with Section 8.01 of the First Supplemental Indenture, the Successor Company, Southwest and the Trustee may amend or supplement the Indenture as provided in this Supplemental Indenture without notice to, or consent of, any Securityholder;

WHEREAS, each of Southwest and the Successor Company have duly authorized the execution and delivery of this Supplemental Indenture;

WHEREAS, the Successor Company has furnished the Trustee with an Opinion of Counsel and an Officer's Certificate in accordance with the Indenture, stating that the execution of this Supplemental Indenture is authorized or permitted by the Indenture; and

WHEREAS, all things necessary to make this Supplemental Indenture a valid agreement of the Successor Company, Southwest and the Trustee and a valid amendment of, and supplement to, the Indenture have been done, and the entry into this Supplemental Indenture by the parties hereto is in all respects authorized by the provisions of the Indenture.

NOW, THEREFORE, in consideration of the premises set forth herein and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto covenant and agree for the equal and proportionate benefit of all Holders of the Securities, as follows:

ARTICLE I
CONFIRMATION OF INDENTURE; ASSUMPTION

Section 1.01 Confirmation of Indenture. Except as supplemented hereby, the Indenture, including, without limitation, Southwest's full and unconditional guaranty of all the obligations of the Company under the Indenture and Securities, is hereby ratified, confirmed, and reaffirmed in all respects. The Indenture and this Supplemental Indenture shall be read, taken, and construed as one and the same instrument.

Section 1.02 Assumption. Pursuant to, and in compliance and in accordance with, Section 6.01 of the First Supplemental Indenture, the Successor Company hereby expressly and unconditionally assumes all of the obligations of the Company under the Securities and the Indenture, including, without limitation, the due and punctual payment of the principal of, premium, if any, and interest on, the Securities and the due and punctual observance of each and every covenant and condition of the Company under the Indenture, all as if the Successor Company were originally the Company thereunder.

Section 1.03 Successor Substituted. In accordance with Section 6.02 of the First Supplemental Indenture, upon the merger of AirTran LLC into the Successor Company, the Successor Company succeeded to, and was substituted for, and may exercise every right and power of, AirTran LLC as the "Company" under the Indenture with the same effect as if the Successor Company had been named as the Company in the Indenture.

Section 1.04 Representations and Warranties. The Successor Company represents that (a) it has all necessary power and authority to execute and deliver this Supplemental Indenture and to perform the Indenture, (b) it is the successor by merger to AirTran LLC pursuant to a valid merger effected in accordance with applicable law, (c) it is a limited liability company

organized and validly existing under the laws of the State of Texas, (d) both before and immediately after giving effect to this Supplemental Indenture, no Default or Event of Default has or will have occurred or be continuing, and (e) this Supplemental Indenture is executed and delivered pursuant to Section 8.01 of the First Supplemental Indenture and does not require the consent of Securityholders.

ARTICLE II
MISCELLANEOUS PROVISIONS

Section 2.01 Concerning the Trustee. The Trustee assumes no duties, responsibilities, or liabilities by reason of this Supplemental Indenture other than as set forth in the Indenture. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by Southwest and the Successor Company. In addition, and without limiting the foregoing, the Trustee is not charged with knowledge of the Merger Agreement or any of the terms thereof.

Section 2.02 Supplemental Indenture Controls. In the event of a conflict or inconsistency between the Indenture and this Supplemental Indenture, the provisions of this Supplemental Indenture shall control.

Section 2.03 Governing Law. THIS SUPPLEMENTAL INDENTURE AND THE SECURITIES SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

Section 2.04 No Adverse Interpretation of Other Agreements. This Supplemental Indenture may not be used to interpret another indenture, loan, or debt agreement other than the Indenture for purposes of the Securities. Any such indenture, loan, or debt agreement may not be used to interpret this Supplemental Indenture.

Section 2.05 Multiple Counterparts. The parties may sign multiple counterparts of this Supplemental Indenture. Each signed counterpart shall be deemed an original, but all of them together shall represent the same agreement.

Section 2.06 Headings. The titles and headings of the articles and sections of this Supplemental Indenture have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

Section 2.07 Successors and Assigns. All covenants and agreements made by the Successor Company and Southwest in this Supplemental Indenture shall be binding upon their respective successors and assigns, whether expressed or not.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed.

SOUTHWEST AIRLINES CO.

By: /s/ Laura Wright
Name: Laura Wright
Title: Senior Vice President Finance &
Chief Financial Officer

Signature Page to 5.50% Fourth Supplemental Indenture

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed.

PEDERNALES DEBT SUB, LLC

By: Southwest Airlines Co.,
its sole member

By: /s/ Laura Wright

Name: Laura Wright

Title: Senior Vice President Finance &
Chief Financial Officer

Signature Page to 5.50% Fourth Supplemental Indenture

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: /s/ Susan Freedman
Name: Susan Freedman
Title: Vice President

Signature Page to 5.50% Fourth Supplemental Indenture

FIFTH SUPPLEMENTAL INDENTURE

This Fifth Supplemental Indenture (this “**Supplemental Indenture**”), dated as of May 3, 2011, is entered into by and among Southwest Airlines Co., a Texas corporation (“**Southwest**” or the “**Successor Company**”), and U.S. Bank National Association, a national banking association, as trustee hereunder (the “**Trustee**”). Capitalized terms used herein and not otherwise defined have the meanings set forth in the Indenture (as defined below).

WHEREAS, AirTran Holdings, Inc., a Nevada corporation (“**AirTran Holdings Inc**”), and the Trustee were the original parties to a Senior Indenture dated as of April 30, 2008 (the “**Base Indenture**”) and a First Supplemental Indenture dated as of April 30, 2008 relating to the issuance of the 5.50% Convertible Senior Notes due 2015 (the “**First Supplemental Indenture**”);

WHEREAS, AirTran Holdings Inc, Southwest and the Trustee were the original parties to a Second Supplemental Indenture dated as of May 2, 2011, which supplements the Base Indenture and the First Supplemental Indenture (the “**Second Supplemental Indenture**”), pursuant to which Second Supplemental Indenture (among other things) Southwest fully and unconditionally guaranteed the obligations of AirTran Holdings Inc, its wholly owned subsidiary, under the Indenture, under the Indenture and Securities;

WHEREAS, Southwest, AirTran Holdings, LLC, a Texas limited liability company (“**AirTran LLC**”), and the Trustee were the original parties to a Third Supplemental Indenture dated as of May 2, 2011, which supplements the Base Indenture, the First Supplemental Indenture and the Second Supplemental Indenture (the “**Third Supplemental Indenture**”), pursuant to which Third Supplemental Indenture (among other things) AirTran LLC, as successor by merger to AirTran Holdings Inc, assumed the obligations of AirTran Holdings Inc, as the original “Company” under the Indenture, under the Indenture and Securities;

WHEREAS, Southwest, Pedernales Debt Sub LLC, a Texas limited liability company (“**TX Debt Sub**”), and the Trustee were the original parties to a Fourth Supplemental Indenture dated as of May 3, 2011, which supplements the Base Indenture, the First Supplemental Indenture, the Second Supplemental Indenture and the Third Supplemental Indenture (the “**Fourth Supplemental Indenture**” and, the Base Indenture as supplemented by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture and the Fourth Supplemental Indenture, the “**Indenture**”), pursuant to which Fourth Supplemental Indenture (among other things) TX Debt Sub, as successor by merger to AirTran LLC, assumed the obligations of AirTran LLC, as the Company, under the Indenture and Securities;

WHEREAS, Southwest and TX Debt Sub entered into the Agreement and Plan of Merger dated as of May 3, 2011 (the “**Merger Agreement**”), pursuant to which, at the effective time of the Merger contemplated thereby, TX Debt Sub was merged with and into Southwest such that the separate limited liability company existence of TX Debt Sub ceased and Southwest continued as the surviving corporation;

WHEREAS, pursuant to Section 6.01 of the First Supplemental Indenture, TX Debt Sub, as the Company under the Indenture, shall not merge into any other Person unless the surviving Person is a corporation or limited liability company organized and validly existing under the laws of the United States or any state thereof, and such Person expressly assumes, by an indenture supplemental to the Indenture, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, all of the obligations of the Company under the Securities and the Indenture;

WHEREAS, in accordance with Section 8.01 of the First Supplemental Indenture, Southwest and the Trustee may amend or supplement the Indenture as provided in this Supplemental Indenture without notice to, or consent of, any Securityholder;

WHEREAS, Southwest has duly authorized the execution and delivery of this Supplemental Indenture;

WHEREAS, the Southwest has furnished the Trustee with an Opinion of Counsel and an Officer's Certificate in accordance with the Indenture, stating that the execution of this Supplemental Indenture is authorized or permitted by the Indenture; and

WHEREAS, all things necessary to make this Supplemental Indenture a valid agreement of Southwest and the Trustee and a valid amendment of, and supplement to, the Indenture have been done, and the entry into this Supplemental Indenture by the parties hereto is in all respects authorized by the provisions of the Indenture.

NOW, THEREFORE, in consideration of the premises set forth herein and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto covenant and agree for the equal and proportionate benefit of all Holders of the Securities, as follows:

ARTICLE I
CONFIRMATION OF INDENTURE; ASSUMPTION

Section 1.01 Confirmation of Indenture. Except as supplemented hereby, the Indenture is hereby ratified, confirmed, and reaffirmed in all respects. The Indenture and this Supplemental Indenture shall be read, taken, and construed as one and the same instrument.

Section 1.02 Assumption. Pursuant to, and in compliance and in accordance with, Section 6.01 of the First Supplemental Indenture, the Successor Company hereby expressly and unconditionally assumes all of the obligations of the Company under the Securities and the Indenture, including, without limitation, the due and punctual payment of the principal of, premium, if any, and interest on, the Securities and the due and punctual observance of each and every covenant and condition of the Company under the Indenture, all as if the Successor Company were originally the Company thereunder.

Section 1.03 Successor Substituted. In accordance with Section 6.02 of the First Supplemental Indenture, upon the merger of TX Debt Sub into the Successor Company, the Successor Company succeeded to, and was substituted for, and may exercise every right and power of, TX Debt Sub as the "Company" under the Indenture with the same effect as if the Successor Company had been named as the Company in the Indenture.

Section 1.04 Representations and Warranties. The Successor Company represents that (a) it has all necessary power and authority to execute and deliver this Supplemental Indenture and to perform the Indenture, (b) it is the successor by merger to TX Debt Sub pursuant to a valid merger effected in accordance with applicable law, (c) it is a corporation organized and validly existing under the laws of the State of Texas, (d) both before and immediately after giving effect to this Supplemental Indenture, no Default or Event of Default has or will have occurred or be continuing, and (e) this Supplemental Indenture is executed and delivered pursuant to Section 8.01 of the First Supplemental Indenture and does not require the consent of Securityholders.

ARTICLE II
Definitions

Section 2.01 Definitions. Section 1.02 of the First Supplemental Indenture is hereby amended as follows:

(a) The definition of “Company” and “Southwest” are hereby amended and restated in their entirety to read as one definition as follows:

“**Company**” and “**Southwest**” each mean Southwest Airlines Co., a Texas corporation, until a successor replaces it pursuant to the applicable provisions of the First Supplemental Indenture, and thereafter “Company” and “Southwest” shall mean such successor Company. For all purposes of the Indenture, the Company means Southwest and Southwest means the Company, *mutatis mutandis*. Any reference to both Southwest and the Company shall hereafter mean only Southwest.

ARTICLE III
MISCELLANEOUS PROVISIONS

Section 3.01 Concerning the Trustee. The Trustee assumes no duties, responsibilities, or liabilities by reason of this Supplemental Indenture other than as set forth in the Indenture. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by Southwest. In addition, and without limiting the foregoing, the Trustee is not charged with knowledge of the Merger Agreement or any of the terms thereof.

Section 3.02 Supplemental Indenture Controls. In the event of a conflict or inconsistency between the Indenture and this Supplemental Indenture, the provisions of this Supplemental Indenture shall control.

Section 3.03 Governing Law. THIS SUPPLEMENTAL INDENTURE AND THE SECURITIES SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

Section 3.04 No Adverse Interpretation of Other Agreements. This Supplemental Indenture may not be used to interpret another indenture, loan, or debt agreement other than the Indenture for purposes of the Securities. Any such indenture, loan, or debt agreement may not be used to interpret this Supplemental Indenture.

Section 3.05 Multiple Counterparts. The parties may sign multiple counterparts of this Supplemental Indenture. Each signed counterpart shall be deemed an original, but all of them together shall represent the same agreement.

Section 3.06 Headings. The titles and headings of the articles and sections of this Supplemental Indenture have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

Section 3.07 Successors and Assigns. All covenants and agreements made by Southwest in this Supplemental Indenture shall be binding upon their respective successors and assigns, whether expressed or not.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed.

SOUTHWEST AIRLINES CO.

By: /s/ Laura Wright
Name: Laura Wright
Title: Senior Vice President Finance &
Chief Financial Officer

Signature Page to 5.50% Fifth Supplemental Indenture

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: /s/ Susan Freedman
Name: Susan Freedman
Title: Vice President

Signature Page to 5.50% Fifth Supplemental Indenture

SECOND SUPPLEMENTAL INDENTURE

This Second Supplemental Indenture (this “**Supplemental Indenture**”), dated as of May 2, 2011, is entered into by and among AirTran Holdings, Inc., a Nevada corporation (the “**Company**”), Southwest Airlines Co., a Texas corporation (“**Southwest**”), and U.S. Bank National Association, a national banking association, as trustee hereunder (the “**Trustee**”). Capitalized terms used herein and not otherwise defined have the meanings set forth in the First Supplemental Indenture referred to below.

WHEREAS, the Company and the Trustee are parties to a Senior Indenture dated as of October 14, 2009 (the “**Base Indenture**”) and a First Supplemental Indenture dated as of October 14, 2009 relating to the issuance of the 5.25% Convertible Senior Notes due 2016 (the “**First Supplemental Indenture**,” and the Base Indenture as supplemented by the First Supplemental Indenture, the “**Indenture**”);

WHEREAS, the Company, Southwest, and Guadalupe Holdings Corp., a Nevada corporation and wholly owned subsidiary of Southwest (“**Merger Sub**”), are parties to that certain Agreement and Plan of Merger dated as of September 26, 2010 (the “**Merger Agreement**”), pursuant to which, at the effective time of the Merger contemplated thereby (the “**Effective Time**”), Merger Sub was merged with and into the Company such that the separate corporate existence of Merger Sub ceased and the Company continued as the surviving corporation (the “**Merger**”), and each share of Common Stock of the Company issued and outstanding immediately prior to the Effective Time was converted into the right to receive 0.321 of a share of Southwest’s common stock, par value \$1.00 per share, and \$3.75 in cash, in each case as set forth in the Merger Agreement;

WHEREAS, Section 4.09 of the First Supplemental Indenture provides that in the event of a sale or conveyance as an entirety or substantially as an entirety of the property and assets of the Company, directly or indirectly, to another Person as a result of which holders of outstanding shares of the Common Stock of the Company are entitled to receive stock (other than the Common Stock of the Company), other securities, other property, assets or Cash (or any combination thereof) for shares of such Common Stock of the Company, then the Company, or such successor, surviving or purchasing Person, as the case may be, shall, as a condition precedent to such sale or conveyance, execute and deliver to the Trustee a supplemental indenture providing (i) that, at the effective time of such sale or conveyance, the settlement of the Securities tendered for conversion will be based on, and the property deliverable in respect of any such settlement will consist of, the kind and amount of shares of stock, other securities or other property or assets (including Cash or any combination thereof) that holders of shares of the Common Stock of the Company are entitled to receive in respect of each share of Common Stock of the Company upon such sale or conveyance and (ii) for adjustments of the Conversion Rate which will be nearly as equivalent as may be practicable to the adjustments of the Conversion Rate provided for in Article 4 of the First Supplemental Indenture;

WHEREAS, Section 6.01 of the First Supplemental Indenture provides that the Company shall not consolidate with, or merge into, any other Person or convey, transfer or lease all or substantially all of the Company’s properties and assets to any other Person in a single transaction or series of transactions if, as a result of such transaction, the Securities become

convertible into common stock or other securities issued by a third party, unless such third party fully and unconditionally guarantees all obligations of the Company, or such other Person under the Securities and the Indenture;

WHEREAS, the Merger constitutes a Reorganization Event, Fundamental Change and Make-Whole Fundamental Change;

WHEREAS, in accordance with Section 8.01 of the Indenture, the Company and the Trustee may amend or supplement the Indenture or the Securities as provided in this Supplemental Indenture without notice to, or consent of, any Securityholder;

WHEREAS, each of the Company and Southwest have duly authorized the execution and delivery of this Supplemental Indenture;

WHEREAS, the Company has furnished the Trustee with an Opinion of Counsel and an Officer's Certificate in accordance with the Indenture, stating that the execution of this Supplemental Indenture is authorized or permitted by the Indenture; and

WHEREAS, all things necessary to make this Supplemental Indenture a valid agreement of the Company, Southwest and the Trustee and a valid amendment of, and supplement to, the Indenture have been done, and the entry into this Supplemental Indenture by the parties hereto is in all respects authorized by the provisions of the Indenture.

NOW, THEREFORE, in consideration of the premises set forth herein and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto covenant and agree for the equal and proportionate benefit of all Holders of the Securities, as follows:

ARTICLE I
DEFINITIONS

Section 1.01. Definitions. Section 1.02 of the First Supplemental Indenture is hereby amended as follows:

(a) The definition of "Common Stock" is hereby amended and restated in its entirety to read as follows:

"Common Stock" means, subject to Section 4.09, shares of common stock, \$1.00 par value, of Southwest, at the Effective Time or shares of any class or classes resulting from any reclassification or reclassifications thereof and that have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of Southwest and that are not subject to redemption by Southwest; *provided* that if at any time there shall be more than one such resulting class, the shares of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

(b) The definition of “AirTran Consideration Unit” is hereby added and shall read as follows:

“**AirTran Consideration Unit**” means 0.321 shares of Common Stock plus the Cash Component.

(c) The definition of “Cash Component” is hereby added and shall read as follows:

“**Cash Component**” means the cash portion of the AirTran Consideration Unit, which is \$3.75, without interest.

(d) The definition of “Effective Time” is hereby added and shall read as follows:

“**Effective Time**” means the time on May 2, 2011 when Guadalupe Holdings Corp., a Nevada corporation and wholly owned subsidiary of Southwest, merged with and into the Company pursuant that certain Agreement and Plan of Merger dated as of September 26, 2010 by and among the Company, Guadalupe Holdings Corp. and Southwest.

(e) The definition of “Southwest” is hereby added and shall read as follows:

“**Southwest**” means Southwest Airlines, Co., a Texas corporation, and subject to the provisions of Section 4.09 of the First Supplemental Indenture, shall include its successors and assigns.

ARTICLE II EFFECT OF THE MERGER

Section 2.01. Conversion to AirTran Consideration Units. All references to “shares of Common Stock” and “Common Stock” in Sections 4.01, 4.02(b), 4.03(b), 4.03(c), 5.01, 7.01 and 8.02 of the First Supplemental Indenture are hereby amended and replaced with “AirTran Consideration Units.”

Section 2.02. Conversion Rate. In accordance with Section 4.09 of the First Supplemental Indenture, Section 4.02(a) of the First Supplemental Indenture is hereby amended and restated in its entirety to read as follows:

Section 4.02. Conversion Rate. (a) The Securities shall be convertible into a number of AirTran Consideration Units at an initial conversion rate (the “Initial Conversion Rate”) of 164.0420 AirTran Consideration Units (subject to adjustments as provided in Section 4.02(c), Section 4.06 and Section 4.10 of this First Supplemental Indenture, as so adjusted from time to time, the “**Conversion Rate**”) per \$1,000 principal amount of Securities.

A Holder of a Security otherwise entitled to a fractional share will receive Cash in an amount equal to the value of such fractional share based on the Closing Price of the Common Stock on the related Conversion Date.

A Security for which a Holder has delivered a Fundamental Change Repurchase Notice requiring the Company to purchase the Securities may be surrendered for conversion only if such notice is withdrawn in accordance with this First Supplemental Indenture.

Section 2.03. Conversion Procedure. The last three sentences of Section 4.03(a) of the First Supplemental Indenture are hereby amended and restated in their entirety as follows:

The Company shall deliver the AirTran Consideration Units to the Holder through a Conversion Agent, and with respect to the shares of Common Stock included in the AirTran Consideration Units, such shares shall be delivered in the form of a certificate for the number of whole shares of Common Stock issuable upon the conversion or, in the case of holders of Securities in book-entry form with DTC, in accordance with DTC customary practices. In each case, the Company shall also deliver to such holder Cash in lieu of any fractional shares of Common Stock pursuant to Section 4.02(a) of this First Supplemental Indenture. The Company shall deliver such AirTran Consideration Units (including any Cash in lieu of fractional shares of Common Stock), except as set forth in Section 4.02(c) and subject to Section 4.04 of this First Supplemental Indenture, in any event no later than the third Trading Day immediately following the Conversion Date.

Section 2.04. Stock Price. In accordance with Section 4.09 of the First Supplemental Indenture, the first paragraph of Section 4.02(c) of the First Supplemental Indenture is hereby amended and restated in its entirety to read as follows:

(c) The increase in the Conversion Rate, expressed as a number of Additional Shares to be received per \$1,000 principal amount of Securities, will be determined by the Company by reference to the table attached as Exhibit B hereto, based on the earliest of the date on which the Make-Whole Fundamental Change is publicly announced, occurs or becomes effective (the “**Adjustment Date**”) and the price paid or deemed to be paid per 0.321 of a share of Common Stock plus the Cash Component in the transaction constituting the Make-Whole Fundamental Change (the “**Stock Price**”) subject to adjustment as set forth in the next paragraph; *provided that* if a Holder of the Common Stock receives only Cash in connection with such transaction, the Stock Price shall be the Cash amount paid per 0.321 of a share of Common Stock plus the Cash Component. In all other cases, the Stock Price will be the average of the Closing Prices of 0.321 of a share of the Common Stock over the thirty consecutive Trading Days prior to, but not including, the date of effectiveness of the Make-Whole Fundamental Change plus the Cash Component. If the Stock Price is between two Stock Prices in the table or the Adjustment Date is between two Adjustment Dates in the table, the number of Additional Shares will be determined by a straight-line interpolation between the number of Additional Shares set forth for the higher and lower Stock Prices and the earlier and later Adjustment Dates based on a 365-day year, as applicable. If the Stock Price is in excess of \$50.00 (subject to adjustment in the same manner as the Stock Price), no increase in

the Conversion Rate will be made and if the Stock Price is less than \$5.08 (subject to adjustment in the same manner as the Stock Price), no increase in the Conversion Rate will be made. Notwithstanding anything to the contrary, in no event will the number of Additional Shares to be added to the Conversion Rate pursuant to Section 4.02(b) above and this Section 4.02(c) exceed 32.8084 AirTran Consideration Units (subject to adjustment in the same manner in which the Conversion Rate is adjusted, as set forth in Section 4.06 hereof) per \$1,000 principal amount of Securities.

For the avoidance of doubt, the amendments and supplements to the Indenture contained in this Supplemental Indenture shall not result in any additional adjustment to the Conversion Rate or result in Additional Shares in connection with or related to the Merger, other than as set forth in Section 2.05 of this Supplemental Indenture.

Section 2.05. Adjustment of Conversion Rate. In accordance with Section 4.09 of the First Supplemental Indenture, Section 4.06 of the First Supplemental Indenture is hereby amended and restated in its entirety to read as set forth on Annex A hereto.

Section 2.06. Temporary Adjustment to Conversion Rate. In accordance with Sections 4.02(b) and 4.09 of the First Supplemental Indenture, as a result of the Merger, which constitutes a Make-Whole Fundamental Change, the Conversion Rate for Securities surrendered for conversion on or after April 8, 2011 and before or on June 3, 2011 shall be increased by an additional number of AirTran Consideration Units equal to 22.5119 as determined by the Company by reference to the table attached as Exhibit B to the First Supplemental Indenture.

Section 2.07. References to Southwest. In accordance with Section 4.09 of the First Supplemental Indenture, all references to “the Company” in Sections 4.05, 4.06 and 4.08 of the First Supplemental Indenture are hereby amended and replaced with “Southwest.”

Section 2.08. Effect of Reclassification, Consolidation, Merger or Sale on Conversion Price. Section 4.09 of the First Supplemental Indenture is hereby amended and restated in its entirety to read as follows:

If (1) there shall occur (a) any reclassification of the Common Stock (other than a change only in par value, or from par value to no par value, or from no par value to par value, or a change as a result of a subdivision or combination of Common Stock); (b) a statutory share exchange, consolidation, merger or combination involving Southwest other than a merger in which Southwest is the continuing corporation and which does not result in any reclassification of, or change (other than in par value, or from par value to no par value, or from no par value to par value, or a change as a result of a subdivision or combination of Common Stock) in, outstanding shares of Common Stock; or (c) a sale or conveyance as an entirety or substantially as an entirety of the property and assets of Southwest, directly or indirectly, to another Person; and (2) pursuant to such reclassification, statutory share exchange, consolidation, merger, combination, sale or conveyance, holders of outstanding shares of Common Stock would be entitled to receive stock (other than Common Stock), other securities, other property, assets or Cash (or any combination thereof) for such shares of Common Stock (any such event a “**Reorganization Event**”), then the Company, or such successor or surviving, purchasing

or transferee Person, as the case may be, shall, as a condition precedent to such Reorganization Event, execute and deliver to the Trustee a supplemental indenture signed by the principal executive officer, principal financial officer or principal accounting officer of the Company and at least one other Officer of the Company and providing that, at the effective time of the Reorganization Event, the settlement of the Securities tendered for conversion will be based on, and the property deliverable in respect of any such settlement will consist of, the kind and amount of shares of stock, other securities or other property or assets (including Cash or any combination thereof) that holders of shares of Common Stock are entitled to receive in respect of each share of Common Stock upon such Reorganization Event (the “**Reference Property**”). Such supplemental indenture shall provide for adjustments of the Conversion Rate and Cash Component, as applicable, which shall be as nearly equivalent as may be practicable to the adjustments of the Conversion Rate and Cash Component, as applicable, provided for in this Article 4. The provisions of this Section 4.09 shall similarly apply to successive Reorganization Events.

Section 2.09. Notice of Adjustment. Section 4.11 of the First Supplemental Indenture is hereby amended and restated in its entirety to read as follows:

Whenever the Conversion Rate or conversion privilege is adjusted, the Company shall promptly mail to Securityholders a notice of the adjustment in accordance with Section 1.8 of the Base Indenture, and file with the Trustee an Officers’ Certificate briefly stating the Conversion Rate (and any related change to the Cash Component), the facts giving rise to the adjustment and the manner of computing it. Unless and until the Trustee shall receive an Officers’ Certificate setting forth an adjustment of the Conversion Rate (and any related change to the Cash Component), as applicable, the Trustee may assume without inquiry that the Conversion Rate and the Cash Component have not been adjusted and that the last Conversion Rate and Cash Component of which it has knowledge remains in effect.

Section 2.10. Other Remedies. The first sentence of Section 7.03 of the First Supplemental Indenture is hereby amended and restated in its entirety to read as follows:

If an Event of Default occurs and is continuing, the Trustee may, but shall not be obligated to, pursue any available remedy by proceeding at law or in equity to collect the payment of the principal of or accrued and unpaid interest on the Securities, the payment of AirTran Consideration Units upon conversion or to enforce the performance of any provision of the Securities or the Indenture.

Section 2.11. Waiver of Defaults and Events of Default. The references to “shares of Common Stock (and Cash in lieu of any fractional shares)” in the first sentence of Section 7.04 and the second sentence of Section 7.06 of the First Supplemental Indenture are hereby amended and replaced with “AirTran Consideration Units.”

Section 2.12. Form of Reverse Side of Security. The reference to “shares of Common Stock” in Section 6 on the Form of Reverse Side of Security is hereby amended and replaced with “AirTran Consideration Units.”

Section 2.13. Conversion Notice. The reference to “Common Stock of the Company” on the form of Conversion Notice for the Securities is hereby amended and replaced with “AirTran Consideration Units.”

Section 2.14. Exhibit B. The reference to “shares of Common Stock” in Exhibit B to the First Supplemental Indenture is hereby amended and replaced with “AirTran Consideration Units.”

ARTICLE III GUARANTEES

Section 3.01. Southwest Guarantees. In accordance with Section 6.01 of the First Supplemental Indenture, Southwest hereby fully and unconditionally guarantees all obligations of the Company under the Securities and the Indenture.

ARTICLE IV MISCELLANEOUS PROVISIONS

Section 4.01. Concerning the Trustee. The Trustee assumes no duties, responsibilities, or liabilities by reason of this Supplemental Indenture other than as set forth in the Indenture. The Trustee shall not be responsible in any manner whatsoever for or in respect of (i) the validity or sufficiency of this Supplemental Indenture, (ii) the correctness of any of the provisions contained herein, or (iii) the recitals contained herein, all of which recitals are made solely by the Company and Southwest. In addition, and without limiting the foregoing, the Trustee is not charged with knowledge of the Merger Agreement or any terms thereof.

Section 4.02. Supplemental Indenture Controls. In the event of a conflict or inconsistency between the Indenture and this Supplemental Indenture, the provisions of this Supplemental Indenture shall control.

Section 4.03. Representations and Warranties. The Company represents that (a) it has all necessary power and authority to execute and deliver this Supplemental Indenture and to perform the Indenture, (b) it is a corporation organized and validly existing under the laws of the State of Nevada, (c) both before and immediately after giving effect to this Supplemental Indenture, no Default or Event of Default has or will have occurred or be continuing, and (d) this Supplemental Indenture is executed and delivered pursuant to Section 8.01 of the First Supplemental Indenture and does not require the consent of Securityholders.

Section 4.04. Governing Law. This Supplemental Indenture shall be deemed to be a contract made under the laws of the State of New York, and for all purposes shall be construed in accordance with the laws of the State of New York, without regard to conflicts of laws principles thereof.

Section 4.05. Execution in Counterparts. This Supplemental 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 4.06. Confirmation of Indenture. Except as amended and supplemented hereby, the Indenture is hereby ratified, confirmed and reaffirmed in all respects. The Indenture and this Supplemental Indenture shall be read, taken and construed as one and the same instrument. For the avoidance of doubt, Southwest does not hereby assume any obligations of the Company under the Indenture, as supplemented and amended by this Supplemental Indenture, other than as expressly provided for in this Supplemental Indenture.

Section 4.07. Headings. The titles and headings of the articles and sections of this Supplemental Indenture have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

Section 4.08. No Adverse Interpretation of Other Agreements. This Supplemental Indenture may not be used to interpret another indenture, loan, or debt agreement other than the Indenture for purposes of the Securities. Any such indenture, loan, or debt agreement may not be used to interpret this Supplemental Indenture.

Section 4.09. Successors and Assigns. All covenants and agreements made by the Company and Southwest in this Supplemental Indenture shall be binding upon their respective successors and assigns, whether expressed or not.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed.

AIRTRAN HOLDINGS, INC.

By: /s/ Ron Ricks

Name: Ron Ricks

Title: President, Secretary and Treasurer

Signature Page to Second Supplemental Indenture

AIRTRAN HOLDINGS, INC.

By: /s/ Laura Wright

Name: Laura Wright

Title: Senior Vice President Finance &
Chief Financial Officer

Signature Page to Second Supplemental Indenture

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed.

SOUTHWEST AIRLINES CO.

By: /s/ Laura Wright
Name: Laura Wright
Title: Senior Vice President Finance &
Chief Financial Officer

Signature Page to Second Supplemental Indenture

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: /s/ Susan Freedman
Name: Susan Freedman
Title: Vice President

Signature Page to 5.25% Second Supplemental Indenture

ANNEX A

Section 4.06. *Adjustment of Conversion Rate.* This Section 4.06 describes adjustments to the Conversion Rate to be made in connection with the events described below, as well as events that will not result in adjustment of the Conversion Rate, treatment of rights and treatment of Reference Property.

(a) If Southwest, at any time or from time to time while any of the Securities are outstanding, issues shares of Common Stock as a dividend or distribution on shares of Common Stock, or if Southwest effects a share split or share combination in respect of the Common Stock, then the Conversion Rate shall be adjusted based on the following formula:

$$CR' = CR_0 \times \frac{OS'}{OS_0}$$

where

CR_0 = the Conversion Rate in effect immediately prior to the Open of Business on the Record Date for such dividend or distribution, or the Open of Business on the effective date of such share split or combination, as applicable;

CR' = the new Conversion Rate in effect immediately after the Open of Business on the Record Date for such dividend or distribution, or the Open of Business on the effective date of such share split or share combination, as applicable;

OS_0 = the number of shares of Common Stock outstanding immediately prior to the Open of Business on the Record Date for such dividend or distribution, or the Open of Business on the effective date of such share split or share combination, as applicable; and

OS' = the number of shares of Common Stock outstanding immediately after such dividend or distribution, or the Open of Business on the effective date of such share split or share combination, as applicable.

Southwest will not pay any dividend or make any distribution on shares of Common Stock held in treasury by Southwest. If any dividend or distribution of the type described in this Section 4.06(a) is declared but not so paid or made, or the outstanding shares of Common Stock are not split or combined, as the case may be, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend, distribution, share split or share combination had not been declared.

(b) Except as otherwise provided for by Section 4.06(d) below, if Southwest, at any time or from time to time while any of the Securities are outstanding, distributes to all or substantially all holders of its outstanding shares of Common Stock any rights or warrants entitling them for a period of not more than 45 calendar days from the Record Date of such distribution to subscribe for or purchase shares of Common Stock at a price per share less than the Closing Price of the Common Stock on the Trading Day immediately preceding the Record Date of such distribution, the Conversion Rate shall be adjusted based on the following formula:

$$CR' = CR_0 \times \frac{OS_0 + X}{OS_0 + Y}$$

where

CR_0 = the Conversion Rate in effect immediately prior to the Open of Business on the Record Date for such distribution;

CR' = the new Conversion Rate in effect immediately after the Open of Business on the Record Date for such distribution;

OS_0 = the number of shares of Common Stock outstanding immediately prior to the Open of Business on the Record Date for such distribution;

X = the total number of shares of Common Stock issuable pursuant to such rights or warrants; and

Y = the number of shares of Common Stock equal to the aggregate price payable to exercise such rights or warrants divided by the average of the Closing Prices of the Common Stock over the ten consecutive Trading Day period ending on the Trading Day immediately preceding the Ex-Dividend Date for such distribution.

To the extent that shares of Common Stock are not delivered pursuant to such rights or warrants upon the expiration or termination of such rights or warrants, the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the distribution of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock actually delivered. In the event that such rights or warrants are not so distributed, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if the announcement with respect to such rights, warrants or convertible securities had not been made.

In determining the aggregate price payable to exercise such rights or warrants, there shall be taken into account any amount payable on exercise thereof, with the value of such consideration, if other than Cash, to be determined in good faith by the board of directors of Southwest.

(c) If Southwest, at any time or from time to time while any of the Securities are outstanding, shall, by dividend or otherwise, distribute to all or substantially all holders of its Common Stock shares of any class of Capital Stock of Southwest (other than Common Stock as covered by Section 4.06(a) above), evidences of its indebtedness, assets, property or rights or warrants to acquire the Southwest's Capital Stock or other securities, but excluding (i) dividends or distributions as to which an adjustment under Section 4.06(a), Section 4.06(b) or Section 4.06(d) hereof shall apply, (ii) dividends or distributions paid exclusively in Cash and (iii) Spin-Offs to which the provision set forth below in this Section 4.06(c) shall apply (any of such shares of Capital Stock, indebtedness, assets, property or rights or warrants to acquire the Common Stock or other securities, hereinafter in this Section 4.06(c) called the "**Distributed Property**"), then, in each such case the Conversion Rate shall be adjusted based on the following formula:

$$CR' = CR_0 \times \frac{SP_0}{SP_0 - FMV}$$

where

CR_0 = the Conversion Rate in effect immediately prior to the Open of Business on the Record Date for such distribution;

CR' = the new Conversion Rate in effect immediately after the Open of Business on the Record Date for such distribution;

SP_0 = the average of the Closing Prices of the Common Stock over the ten consecutive Trading Day period ending on the Trading Day immediately preceding the Ex-Dividend Date for such distribution; and

FMV = the fair market value (as determined in good faith by the Southwest's board of directors) of the portion of Distributed Property with respect to each outstanding share of Common Stock on the Record Date for such distribution.

Notwithstanding the foregoing, if the then fair market value (as so determined) of the portion of the Distributed Property so distributed applicable to one share of Common Stock is equal to or greater than SP_0 as set forth above, in lieu of the foregoing adjustment, Southwest shall distribute to each Holder on the date the Distributed Property is distributed to holders of Common Stock, but without requiring such Holder to convert its Securities, the amount of Distributed Property such Holder would have received had such Holder owned a number of shares of Common Stock equal to the Conversion Rate on the record date fixed for determination for stockholders entitled to receive such distribution. If such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate that would then be in effect if such Record Date had not been fixed. If the board of directors of Southwest determines the fair market value of any distribution for purposes of this Section 4.06(c) by reference to the actual or when issued trading market for any securities, it shall in doing so consider the prices in such market over the same period used in computing the average of the Closing Prices of the Common Stock for purposes of calculating SP_0 in the formula in this Section 4.06(c).

With respect to an adjustment pursuant to this Section 4.06(c) where there has been a payment of a dividend or other distribution on the Common Stock consisting of shares of Capital Stock of any class or series, or similar equity interest, of or relating to a Subsidiary or other business unit of Southwest (a "**Spin-Off**"), the Conversion Rate in effect immediately before the Close of Business on the tenth Trading Day immediately following, and including, the effective date of the Spin-Off shall be increased based on the following formula:

$$CR' = CR_0 \times \frac{FMV + MP_0}{MP_0}$$

where

- CR_0 = the Conversion Rate in effect immediately prior to the Close of Business on the 10th Trading Day immediately following, and including, the effective date of the Spin-Off;
- CR' = the new Conversion Rate in effect from and after the Close of Business on the 10th Trading Day immediately following, and including, the effective date of the Spin-Off;
- FMV = the average of the Closing Prices of the Capital Stock or similar equity interest distributed to holders of Common Stock applicable to one share of Common Stock over the 10 consecutive Trading Day period immediately following, and including, the effective date of the Spin-Off; and
- MP_0 = the average of the Closing Prices of Common Stock over the 10 consecutive Trading Day period immediately following, and including, the effective date of the Spin-Off.

Such adjustment shall occur on the 10th Trading Day immediately following, and including, the effective date of the Spin-Off; *provided* that, for purposes of determining the Conversion Rate, in respect of any conversion during the 10 Trading Days following the effective date of any Spin-Off, references to 10 Trading Days within the portion of this Section 4.06(c) related to “Spin-Offs” shall be deemed replaced with such lesser number of Trading Days as have elapsed between the effective date of such Spin-Off and the relevant Conversion Date.

For purposes of this Section 4.06(c), Section 4.06(a) and Section 4.06(b) hereof, any dividend or distribution to which this Section 4.06(c) is applicable that also includes shares of Common Stock, or rights or warrants to subscribe for or purchase shares of Common Stock to which Section 4.06(a) or 4.06(b) hereof applies (or both), shall be deemed instead to be (1) a dividend or distribution of the evidences of indebtedness, assets or shares of Capital Stock other than such shares of Common Stock or rights or warrants to which Section 4.06(a) or 4.06(b) hereof applies (and any Conversion Rate adjustment required by this Section 4.06(c) with respect to such dividend or distribution shall then be made) immediately followed by (2) a dividend or distribution of such shares of Common Stock or such rights or warrants to which Section 4.06(a) or 4.06(b) hereof applies (and any further Conversion Rate adjustment required by Section 4.06(a) and 4.06(b) hereof with respect to such dividend or distribution shall then be made), except (A) the Open of Business on the Record Date of such dividend or distribution shall be substituted for “the Open of Business on the Record Date,” “the Open of Business on the Record Date or the Open of Business on the effective date,” “after the Open of Business on the Record Date for such dividend or distribution or the Open of Business on the effective date of such share split or share combination” and “the Open of Business on the Record Date for such distribution” within the meaning of Section 4.06(a) and Section 4.06(b) hereof and (B) any shares of Common Stock included in such dividend or distribution shall not be deemed “outstanding immediately prior to the Open of Business on the Record Date or the Open of Business on the effective date” within the meaning of Section 4.06(a) hereof.

(d) If Southwest, at any time or from time to time while any of the Securities are outstanding, distributes rights or warrants to all holders of Common Stock entitling the holders thereof to subscribe for, purchase or convert into shares of Southwest's Capital Stock (either initially or under certain circumstances), which rights or warrants, until the occurrence of a specified event or events ("Trigger Event"): (x) are deemed to be transferred with such shares of Common Stock; (y) are not exercisable; and (z) are also issued in respect of future issuances of Common Stock, shall be deemed not to have been distributed for purposes of Section 4.06(c) above, (and no adjustment to the Conversion Rate under Section 4.06(c) above will be required) until the occurrence of the earliest Trigger Event and a distribution or deemed distribution under the terms of such rights or warrants and an appropriate adjustment (if any is required) to the Conversion Rate shall be made in the same manner as provided for under Section 4.06(c) above. If any such right or warrant are subject to events, upon the occurrence of which such rights or warrants become exercisable to purchase different securities, evidences of indebtedness or other assets, then the date of the occurrence of any and each such event shall be deemed to be the date of distribution and Record Date with respect to new rights or warrants with such rights (and a termination or expiration of the existing rights or warrants without exercise by any of the holders thereof). In addition, in the event of any distribution (or deemed distribution) of rights or warrants (of the type described in the preceding sentence) with respect thereto that was counted for purposes of calculating a distribution amount for which an adjustment to the Conversion Rate under this Section 4.06(d) was made, (1) in the case of any such rights or warrants that shall all have been redeemed or repurchased without exercise by any holders thereof, the Conversion Rate shall be readjusted upon such final redemption or repurchase to give effect to such distribution or Trigger Event, as the case may be, as though it were a Cash distribution, equal to the per share redemption or repurchase price received by a holder or holders of Common Stock with respect to such rights or warrants (assuming such holder had retained such rights or warrants), made to all holders of Common Stock as of the date of such redemption or repurchase, and (2) in the case of such rights or warrants that shall have expired or been terminated without exercise by any holders thereof, the Conversion Rate shall be readjusted as if such rights or warrants had not been issued.

(e) If Southwest, at any time or from time to time while any of the Securities are outstanding, makes a Cash dividend or distribution to all or substantially all holders of Common Stock, the Conversion Rate shall be adjusted based on the following formula:

$$CR' = CR_0 \times \frac{SP_0}{SP_0 - C}$$

where

CR₀ = the Conversion Rate in effect immediately prior to the Open of Business on the Business Day immediately prior to the Record Date for such dividend or distribution;

CR' = the new Conversion Rate in effect immediately after the Open of Business on the Record Date for such dividend or distribution;

SP₀ = the average Closing Price of the Common Stock on the Trading Day immediately preceding the Ex-Dividend Date for such dividend or distribution; and

C = the amount in Cash per share Southwest distributes or dividends to holders of Common Stock.

Notwithstanding the foregoing, if the portion of the Cash so distributed applicable to one share of Common Stock is equal to or greater than SP₀ as set forth above, in lieu of the foregoing adjustment, Southwest shall distribute to each Holder on the date the Cash dividend or distribution is paid to holders of Common Stock, but without requiring such Holder to convert its Securities, for each \$1,000 principal amount of Securities, the amount of Cash such Holder would have received had such Holder owned a number of shares of Common Stock equal to the product of 0.321 multiplied by the Conversion Rate on the Record Date for such dividend or distribution. If such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate that would then be in effect if such dividend or distribution had not been declared.

For the avoidance of doubt, for purposes of this Section 4.06(e), in the event of any reclassification of the Common Stock, as a result of which the Securities become convertible into more than one class of Common Stock, if an adjustment to the Conversion Rate is required pursuant to this Section 4.06(e), references in this Section to one share of Common Stock or Closing Price of one share of Common Stock shall be deemed to refer to a unit or to the price of a unit consisting of the number of shares of each class of Common Stock into which the Securities are then convertible equal to the numbers of shares of such class issued in respect of one share of Common Stock in such reclassification. The above provisions of this paragraph shall similarly apply to successive reclassifications.

(f) If Southwest or any of its Subsidiaries makes a payment of Cash or other consideration in respect of a tender offer or exchange offer for all or any portion of the Common Stock, where such Cash and the value of any such other consideration included in the payment per share of Common Stock validly tendered or exchanged exceeds the Closing Price of the Common Stock on the Trading Day next succeeding the last date (the “expiration date”) on which tenders or exchanges may be made pursuant to such tender or exchange offer (as it may be amended), the Conversion Rate shall be increased based on the following formula:

$$CR' = CR_0 \times \frac{AC + (SP' \times OS')}{OS_0 + SP'}$$

where

CR₀ = the Conversion Rate in effect immediately prior to the Close of Business on the Trading Day next succeeding the expiration date;

CR' = the new Conversion Rate in effect immediately after the Close of Business on the Trading Day next succeeding the expiration date;

-
- AC = the aggregate value of all Cash and any other consideration (as determined in good faith by Southwest's board of directors) paid or payable for shares purchased in such tender or exchange offer;
- OS₀ = the number of shares of Common Stock outstanding immediately prior to the date such tender or exchange offer expires;
- OS' = the number of shares of Common Stock outstanding immediately after the date such tender or exchange offer expires (after giving effect to such tender offer or exchange offer); and
- SP' = the Closing Price of Common Stock on the Trading Day next succeeding the expiration date.

If Southwest or a Subsidiary is obligated to purchase shares of Common Stock pursuant to any such tender or exchange offer, but Southwest or such Subsidiary is permanently prevented by applicable law from effecting any such purchases or all or any portion of such purchases are rescinded, then the Conversion Rate shall again be adjusted to be the Conversion Rate that would then be in effect if such tender or exchange offer had not been made or had only been made in respect of the purchases that had been effected. Except as set forth in the preceding sentence, if an adjustment to the Conversion Rate pursuant to this Section 4.06(f) with respect to any tender offer or exchange offer would result in a decrease in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this Section 4.06(f).

(g) For purposes of this Section 4.06 the term "**Record Date**" shall mean, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any Cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of Cash, securities or other property, the date fixed for determination of shareholders entitled to receive such Cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) If application of the formulas provided in Sections 4.06(a), 4.06(b), 4.06(c), 4.06(d), 4.06(e) or 4.06(f) above would result in a decrease in the Conversion Rate, no adjustment (other than a readjustment as described in such sections) to the Conversion Rate shall be made except in the case of a share split or combination of the Common Stock.

(i) If one or more events occur requiring an adjustment be made to the Conversion Rate for a particular period, adjustments to the Conversion Rate shall be determined by the Company's Board of Directors to reflect the combined impact of such Conversion Rate adjustments, as set out in this Section 4.06, during such period.

(j) If any adjustment is made to the Conversion Rate pursuant to this Section 4.06 or 4.10, then concurrently therewith (but without any further adjustment to the Conversion Rate), the Cash Component shall be adjusted based on the following formula:

$$CC' = (CC_0 \times CR_0) / CR'$$

where

CC_0 = the Cash Component in effect immediately prior to such adjustment to the Conversion Rate; and

CC' = the new Cash Component in effect immediately after such adjustment to the Conversion Rate.

CR_0 = the Conversion Rate in effect immediately prior to such adjustment to the Conversion Rate;

CR' = the new Conversion Rate in effect immediately after such adjustment to the Conversion Rate;

For the avoidance of doubt, (i) any adjustment of the Cash Component pursuant to this Section 4.06(j) shall not cause an additional adjustment to the Conversion Rate pursuant to this Section 4.06 as a result of the adjustment of the Cash Component and (ii) in no event shall the amount of cash payable on the conversion of all of the Securities immediately prior to any adjustment to the Conversion Rate pursuant to this Section 4.06 or 4.10 be different than the amount of cash payable on the conversion of all of the Securities immediately after such adjustment.

THIRD SUPPLEMENTAL INDENTURE

This Third Supplemental Indenture (this “**Supplemental Indenture**”), dated as of May 2, 2011, is entered into by and among Southwest Airlines Co., a Texas corporation (“**Southwest**”), AirTran Holdings, LLC, a Texas limited liability company and wholly owned subsidiary of Southwest (the “**Successor Company**”), and U.S. Bank National Association, a national banking association, as trustee hereunder (the “**Trustee**”). Capitalized terms used herein and not otherwise defined have the meanings set forth in the Indenture (as defined below).

WHEREAS, AirTran Holdings, Inc., a Nevada corporation (“**AirTran Holdings Inc**”), and the Trustee were the original parties to a Senior Indenture dated as of October 14, 2009 (the “**Base Indenture**”) and a First Supplemental Indenture dated as of October 14, 2009 relating to the issuance of the 5.25% Convertible Senior Notes due 2016 (the “**First Supplemental Indenture**”);

WHEREAS, AirTran Holdings Inc, Southwest and the Trustee were the original parties to a Second Supplemental Indenture dated as of May 2, 2011, which supplements the Base Indenture and the First Supplemental Indenture (the “**Second Supplemental Indenture**” and, the Base Indenture as supplemented by the First Supplemental Indenture and the Second Supplemental Indenture, the “**Indenture**”), pursuant to which Second Supplemental Indenture (among other things) Southwest fully and unconditionally guaranteed the obligations of AirTran Holdings Inc, its wholly owned subsidiary and the “Company” under the Indenture, under the Indenture and Securities;

WHEREAS, AirTran Holdings Inc and the Successor Company entered into the Agreement and Plan of Merger dated as of May 2, 2011 (the “**Merger Agreement**”), pursuant to which, at the effective time of the merger contemplated thereby, AirTran Holdings Inc was merged with and into the Successor Company such that the separate corporate existence of AirTran Holdings Inc ceased and the Successor Company continued as the surviving corporation;

WHEREAS, pursuant to Section 6.01 of the First Supplemental Indenture, AirTran Holdings Inc, as the Company under the Indenture, shall not merge into any other Person unless the surviving Person is a corporation or limited liability company organized and validly existing under the laws of the United States or any state thereof, and such Person expressly assumes, by an indenture supplemental to the Indenture, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, all of the obligations of the Company under the Securities and the Indenture;

WHEREAS, in accordance with Section 8.01 of the First Supplemental Indenture, the Successor Company, Southwest and the Trustee may amend or supplement the Indenture as provided in this Supplemental Indenture without notice to, or consent of, any Securityholder;

WHEREAS, each of Southwest and the Successor Company have duly authorized the execution and delivery of this Supplemental Indenture;

WHEREAS, the Successor Company has furnished the Trustee with an Opinion of Counsel and an Officer's Certificate in accordance with the Indenture, stating that the execution of this Supplemental Indenture is authorized or permitted by the Indenture; and

WHEREAS, all things necessary to make this Supplemental Indenture a valid agreement of the Successor Company, Southwest and the Trustee and a valid amendment of, and supplement to, the Indenture have been done, and the entry into this Supplemental Indenture by the parties hereto is in all respects authorized by the provisions of the Indenture.

NOW, THEREFORE, in consideration of the premises set forth herein and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto covenant and agree for the equal and proportionate benefit of all Holders of the Securities, as follows:

ARTICLE I
DEFINITIONS

Section 1.01 Definitions. The definition of "Board of Directors" in Section 1.1 of the Base Indenture is hereby amended and restated in its entirety to read as follows:

"**Board of Directors**" means (i) if the Company or a Guarantor is a corporation, either the board of directors of the Company or of a Guarantor, as applicable, or any duly authorized committee of that board, and (ii) if the Company or a Guarantor is a limited liability company, either the managers or members of the Company or of a Guarantor, as applicable, with whom management of the Company is vested in accordance with applicable law and the limited liability company agreement of the Company or of a Guarantor, as applicable.

ARTICLE II
CONFIRMATION OF INDENTURE; ASSUMPTION

Section 2.01 Confirmation of Indenture. Except as supplemented hereby, the Indenture, including, without limitation, Southwest's full and unconditional guaranty of all the obligations of the Company under the Indenture and Securities, is hereby ratified, confirmed, and reaffirmed in all respects. The Indenture and this Supplemental Indenture shall be read, taken, and construed as one and the same instrument.

Section 2.02 Assumption. Pursuant to, and in compliance and in accordance with, Section 6.01 of the First Supplemental Indenture, the Successor Company hereby expressly and unconditionally assumes all of the obligations of the Company under the Securities and the Indenture, including, without limitation, the due and punctual payment of the principal of, premium, if any, and interest on, the Securities and the due and punctual observance of each and every covenant and condition of the Company under the Indenture, all as if the Successor Company were originally the Company thereunder.

Section 2.03 Successor Substituted. In accordance with Section 6.02 of the First Supplemental Indenture, upon the merger of AirTran Holdings Inc into the Successor Company, the Successor Company succeeded to, and was substituted for, and may exercise every right and power of, AirTran Holdings Inc as the "Company" under the Indenture with the same effect as if the Successor Company had been named as the Company in the Indenture.

Section 2.04 Representations and Warranties. The Successor Company represents that (a) it has all necessary power and authority to execute and deliver this Supplemental Indenture and to perform the Indenture, (b) it is the successor by merger to AirTran Holdings Inc. pursuant to a valid merger effected in accordance with applicable law, (c) it is a limited liability company organized and validly existing under the laws of the State of Texas, (d) both before and immediately after giving effect to this Supplemental Indenture, no Default or Event of Default has or will have occurred or be continuing, and (e) this Supplemental Indenture is executed and delivered pursuant to Section 8.01 of the First Supplemental Indenture and does not require the consent of Securityholders.

ARTICLE III
MISCELLANEOUS PROVISIONS

Section 3.01 Concerning the Trustee. The Trustee assumes no duties, responsibilities, or liabilities by reason of this Supplemental Indenture other than as set forth in the Indenture. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by Southwest and the Successor Company. In addition, and without limiting the foregoing, the Trustee is not charged with knowledge of the Merger Agreement or any of the terms thereof.

Section 3.02 Supplemental Indenture Controls. In the event of a conflict or inconsistency between the Indenture and this Supplemental Indenture, the provisions of this Supplemental Indenture shall control.

Section 3.03 Governing Law. THIS SUPPLEMENTAL INDENTURE AND THE SECURITIES SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

Section 3.04 No Adverse Interpretation of Other Agreements. This Supplemental Indenture may not be used to interpret another indenture, loan, or debt agreement other than the Indenture for purposes of the Securities. Any such indenture, loan, or debt agreement may not be used to interpret this Supplemental Indenture.

Section 3.05 Multiple Counterparts. The parties may sign multiple counterparts of this Supplemental Indenture. Each signed counterpart shall be deemed an original, but all of them together shall represent the same agreement.

Section 3.06 Headings. The titles and headings of the articles and sections of this Supplemental Indenture have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

Section 3.07 Successors and Assigns. All covenants and agreements made by the Successor Company and Southwest in this Supplemental Indenture shall be binding upon their respective successors and assigns, whether expressed or not.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed.

SOUTHWEST AIRLINES CO.

By: /s/ Laura Wright
Name: Laura Wright
Title: Senior Vice President Finance & Chief Financial Officer

Signature Page to Third Supplemental Indenture

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed.

AIRTRAN HOLDINGS, LLC

By: Southwest Airlines Co.,
its sole member

By: /s/ Laura Wright

Name: Laura Wright

Title: Senior Vice President Finance & Chief Financial Officer

Signature Page to Third Supplemental Indenture

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: /s/ Susan Freedman
Name: Susan Freedman
Title: Vice President

Signature Page to Third Supplemental Indenture

FOURTH SUPPLEMENTAL INDENTURE

This Fourth Supplemental Indenture (this “**Supplemental Indenture**”), dated as of May 3, 2011, is entered into by and among Southwest Airlines Co., a Texas corporation (“**Southwest**”), Pedernales Debt Sub, LLC, a Texas limited liability company (the “**Successor Company**”), and U.S. Bank National Association, a national banking association, as trustee hereunder (the “**Trustee**”). Capitalized terms used herein and not otherwise defined have the meanings set forth in the Indenture (as defined below).

WHEREAS, AirTran Holdings, Inc., a Nevada corporation (“**AirTran Holdings Inc**”), and the Trustee were the original parties to a Senior Indenture dated as of October 14, 2009 (the “**Base Indenture**”) and a First Supplemental Indenture dated as of October 14, 2009 relating to the issuance of the 5.25% Convertible Senior Notes due 2016 (the “**First Supplemental Indenture**”);

WHEREAS, AirTran Holdings Inc, Southwest and the Trustee were the original parties to a Second Supplemental Indenture dated as of May 2, 2011, which supplements the Base Indenture and the First Supplemental Indenture (the “**Second Supplemental Indenture**”), pursuant to which Second Supplemental Indenture (among other things) Southwest fully and unconditionally guaranteed all obligations of AirTran Holdings Inc, its wholly owned subsidiary, under the Securities and the Indenture;

WHEREAS, Southwest, AirTran Holdings, LLC, a Texas limited liability company (“**AirTran LLC**”), and the Trustee entered into a Third Supplemental Indenture dated as of May 2, 2011, which supplements the Base Indenture, the First Supplemental Indenture, and the Second Supplemental Indenture (the “**Third Supplemental Indenture**” and, the Base Indenture as supplemented by the First Supplemental Indenture, the Second Supplemental Indenture, and the Third Supplemental Indenture, the “**Indenture**”), pursuant to which Third Supplemental Indenture (among other things) AirTran LLC, as successor by merger to AirTran Holdings Inc, assumed all of the obligations of the Company under the Indenture and Securities;

WHEREAS, AirTran LLC, the Successor Company and Pedernales Asset Sub, LLC, a Texas limited liability company (“**TX Asset Sub**”), entered into the Agreement and Plan of Merger dated as of May 3, 2011 (the “**Merger Agreement**”), pursuant to which, at the effective time of the merger contemplated thereby, AirTran LLC, the Successor Company and TX Asset Sub merged with and into each other and as a result of the multi-survivor merger, the Successor Company and AirTran LLC survived the merger with the Successor Company being the obligor under the Indenture and the Notes;

WHEREAS, pursuant to Section 6.01 of the First Supplemental Indenture, AirTran LLC, as the Company under the Indenture, shall not consolidate with, or merge into, any other Person unless the surviving Person is a corporation or limited liability company organized and validly existing under the laws of the United States or any state thereof, and such Person expressly assumes, by an indenture supplemental to the Indenture, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, all of the obligations of the Company under the Securities and the Indenture;

WHEREAS, in accordance with Section 8.01 of the First Supplemental Indenture, the Successor Company, Southwest and the Trustee may amend or supplement the Indenture as provided in this Supplemental Indenture without notice to, or consent of, any Securityholder;

WHEREAS, each of Southwest and the Successor Company have duly authorized the execution and delivery of this Supplemental Indenture;

WHEREAS, the Successor Company has furnished the Trustee with an Opinion of Counsel and an Officer's Certificate in accordance with the Indenture, stating that the execution of this Supplemental Indenture is authorized or permitted by the Indenture; and

WHEREAS, all things necessary to make this Supplemental Indenture a valid agreement of the Successor Company, Southwest and the Trustee and a valid amendment of, and supplement to, the Indenture have been done, and the entry into this Supplemental Indenture by the parties hereto is in all respects authorized by the provisions of the Indenture.

NOW, THEREFORE, in consideration of the premises set forth herein and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto covenant and agree for the equal and proportionate benefit of all Holders of the Securities, as follows:

ARTICLE I
CONFIRMATION OF INDENTURE; ASSUMPTION

Section 1.01 Confirmation of Indenture. Except as supplemented hereby, the Indenture, including, without limitation, Southwest's full and unconditional guaranty of all the obligations of the Company under the Indenture and Securities, is hereby ratified, confirmed, and reaffirmed in all respects. The Indenture and this Supplemental Indenture shall be read, taken, and construed as one and the same instrument.

Section 1.02 Assumption. Pursuant to, and in compliance and in accordance with, Section 6.01 of the First Supplemental Indenture, the Successor Company hereby expressly and unconditionally assumes all of the obligations of the Company under the Securities and the Indenture, including, without limitation, the due and punctual payment of the principal of, premium, if any, and interest on, the Securities and the due and punctual observance of each and every covenant and condition of the Company under the Indenture, all as if the Successor Company were originally the Company thereunder.

Section 1.03 Successor Substituted. In accordance with Section 6.02 of the First Supplemental Indenture, upon the merger of AirTran LLC into the Successor Company, the Successor Company succeeded to, and was substituted for, and may exercise every right and power of, AirTran LLC as the "Company" under the Indenture with the same effect as if the Successor Company had been named as the Company in the Indenture.

Section 1.04 Representations and Warranties. The Successor Company represents that (a) it has all necessary power and authority to execute and deliver this Supplemental Indenture and to perform the Indenture, (b) it is the successor by merger to AirTran LLC pursuant to a valid merger effected in accordance with applicable law, (c) it is a limited liability company

organized and validly existing under the laws of the State of Texas, (d) both before and immediately after giving effect to this Supplemental Indenture, no Default or Event of Default has or will have occurred or be continuing, and (e) this Supplemental Indenture is executed and delivered pursuant to Section 8.01 of the First Supplemental Indenture and does not require the consent of Securityholders.

ARTICLE II
MISCELLANEOUS PROVISIONS

Section 2.01 Concerning the Trustee. The Trustee assumes no duties, responsibilities, or liabilities by reason of this Supplemental Indenture other than as set forth in the Indenture. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by Southwest and the Successor Company. In addition, and without limiting the foregoing, the Trustee is not charged with knowledge of the Merger Agreement or any of the terms thereof.

Section 2.02 Supplemental Indenture Controls. In the event of a conflict or inconsistency between the Indenture and this Supplemental Indenture, the provisions of this Supplemental Indenture shall control.

Section 2.03 Governing Law. THIS SUPPLEMENTAL INDENTURE AND THE SECURITIES SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

Section 2.04 No Adverse Interpretation of Other Agreements. This Supplemental Indenture may not be used to interpret another indenture, loan, or debt agreement other than the Indenture for purposes of the Securities. Any such indenture, loan, or debt agreement may not be used to interpret this Supplemental Indenture.

Section 2.05 Multiple Counterparts. The parties may sign multiple counterparts of this Supplemental Indenture. Each signed counterpart shall be deemed an original, but all of them together shall represent the same agreement.

Section 2.06 Headings. The titles and headings of the articles and sections of this Supplemental Indenture have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

Section 2.07 Successors and Assigns. All covenants and agreements made by the Successor Company and Southwest in this Supplemental Indenture shall be binding upon their respective successors and assigns, whether expressed or not.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed.

SOUTHWEST AIRLINES CO.

By: /s/ Laura Wright

Name: Laura Wright

Title: Senior Vice President Finance & Chief Financial Officer

Signature Page to Fourth Supplemental Indenture

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed.

PEDERNALES DEBT SUB, LLC

By: Southwest Airlines Co.,
its sole member

By: /s/ Laura Wright

Name: Laura Wright

Title: Senior Vice President Finance & Chief Financial Officer

Signature Page to Fourth Supplemental Indenture

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: /s/ Susan Freedman
Name: Susan Freedman
Title: Vice President

Signature Page to Fourth Supplemental Indenture

FIFTH SUPPLEMENTAL INDENTURE

This Fifth Supplemental Indenture (this “**Supplemental Indenture**”), dated as of May 3, 2011, is entered into by and among Southwest Airlines Co., a Texas corporation (“**Southwest**” or the “**Successor Company**”), and U.S. Bank National Association, a national banking association, as trustee hereunder (the “**Trustee**”). Capitalized terms used herein and not otherwise defined have the meanings set forth in the Indenture (as defined below).

WHEREAS, AirTran Holdings, Inc., a Nevada corporation (“**AirTran Holdings Inc**”), and the Trustee were the original parties to a Senior Indenture dated as of October 14, 2009 (the “**Base Indenture**”) and a First Supplemental Indenture dated as of October 14, 2009 relating to the issuance of the 5.25% Convertible Senior Notes due 2016 (the “**First Supplemental Indenture**”);

WHEREAS, AirTran Holdings Inc, Southwest and the Trustee were the original parties to a Second Supplemental Indenture dated as of May 2, 2011, which supplements the Base Indenture and the First Supplemental Indenture (the “**Second Supplemental Indenture**”), pursuant to which Second Supplemental Indenture (among other things) Southwest fully and unconditionally guaranteed the obligations of AirTran Holdings Inc, its wholly owned subsidiary, under the Indenture, under the Indenture and Securities;

WHEREAS, Southwest, AirTran Holdings, LLC, a Texas limited liability company (“**AirTran LLC**”), and the Trustee were the original parties to a Third Supplemental Indenture dated as of May 2, 2011, which supplements the Base Indenture, the First Supplemental Indenture and the Second Supplemental Indenture (the “**Third Supplemental Indenture**”), pursuant to which Third Supplemental Indenture (among other things) AirTran LLC, as successor by merger to AirTran Holdings Inc, assumed the obligations of AirTran Holdings Inc, as the original “Company” under the Indenture, under the Indenture and Securities;

WHEREAS, Southwest, Pedernales Debt Sub LLC, a Texas limited liability company (“**TX Debt Sub**”), and the Trustee were the original parties to a Fourth Supplemental Indenture dated as of May 3, 2011, which supplements the Base Indenture, the First Supplemental Indenture, the Second Supplemental Indenture and the Third Supplemental Indenture (the “**Fourth Supplemental Indenture**” and, the Base Indenture as supplemented by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture and the Fourth Supplemental Indenture, the “**Indenture**”), pursuant to which Fourth Supplemental Indenture (among other things) TX Debt Sub, as successor by merger to AirTran LLC, assumed the obligations of AirTran LLC, as the Company, under the Indenture and Securities;

WHEREAS, Southwest and TX Debt Sub entered into the Agreement and Plan of Merger dated as of May 3, 2011 (the “**Merger Agreement**”), pursuant to which, at the effective time of the Merger contemplated thereby, TX Debt Sub was merged with and into Southwest such that the separate limited liability company existence of TX Debt Sub ceased and Southwest continued as the surviving corporation;

WHEREAS, pursuant to Section 6.01 of the First Supplemental Indenture, TX Debt Sub, as the Company under the Indenture, shall not merge into any other Person unless the surviving Person is a corporation or limited liability company organized and validly existing under the laws of the United States or any state thereof, and such Person expressly assumes, by an indenture supplemental to the Indenture, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, all of the obligations of the Company under the Securities and the Indenture;

WHEREAS, in accordance with Section 8.01 of the First Supplemental Indenture, Southwest and the Trustee may amend or supplement the Indenture as provided in this Supplemental Indenture without notice to, or consent of, any Securityholder;

WHEREAS, Southwest has duly authorized the execution and delivery of this Supplemental Indenture;

WHEREAS, the Southwest has furnished the Trustee with an Opinion of Counsel and an Officer's Certificate in accordance with the Indenture, stating that the execution of this Supplemental Indenture is authorized or permitted by the Indenture; and

WHEREAS, all things necessary to make this Supplemental Indenture a valid agreement of Southwest and the Trustee and a valid amendment of, and supplement to, the Indenture have been done, and the entry into this Supplemental Indenture by the parties hereto is in all respects authorized by the provisions of the Indenture.

NOW, THEREFORE, in consideration of the premises set forth herein and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto covenant and agree for the equal and proportionate benefit of all Holders of the Securities, as follows:

ARTICLE I
CONFIRMATION OF INDENTURE; ASSUMPTION

Section 1.01 Confirmation of Indenture. Except as supplemented hereby, the Indenture is hereby ratified, confirmed, and reaffirmed in all respects. The Indenture and this Supplemental Indenture shall be read, taken, and construed as one and the same instrument.

Section 1.02 Assumption. Pursuant to, and in compliance and in accordance with, Section 6.01 of the First Supplemental Indenture, the Successor Company hereby expressly and unconditionally assumes all of the obligations of the Company under the Securities and the Indenture, including, without limitation, the due and punctual payment of the principal of, premium, if any, and interest on, the Securities and the due and punctual observance of each and every covenant and condition of the Company under the Indenture, all as if the Successor Company were originally the Company thereunder.

Section 1.03 Successor Substituted. In accordance with Section 6.02 of the First Supplemental Indenture, upon the merger of TX Debt Sub into the Successor Company, the Successor Company succeeded to, and was substituted for, and may exercise every right and power of, TX Debt Sub as the "Company" under the Indenture with the same effect as if the Successor Company had been named as the Company in the Indenture.

Section 1.04 Representations and Warranties. The Successor Company represents that (a) it has all necessary power and authority to execute and deliver this Supplemental Indenture and to perform the Indenture, (b) it is the successor by merger to TX Debt Sub pursuant to a valid merger effected in accordance with applicable law, (c) it is a corporation organized and validly existing under the laws of the State of Texas, (d) both before and immediately after giving effect to this Supplemental Indenture, no Default or Event of Default has or will have occurred or be continuing, and (e) this Supplemental Indenture is executed and delivered pursuant to Section 8.01 of the First Supplemental Indenture and does not require the consent of Securityholders.

ARTICLE II Definitions

Section 2.01 Definitions. Section 1.02 of the First Supplemental Indenture is hereby amended as follows:

(a) The definition of “Company” and “Southwest” are hereby amended and restated in their entirety to read as one definition as follows:

“**Company**” and “**Southwest**” each mean Southwest Airlines Co., a Texas corporation, until a successor replaces it pursuant to the applicable provisions of the First Supplemental Indenture, and thereafter “Company” and “Southwest” shall mean such successor Company. For all purposes of the Indenture, the Company means Southwest and Southwest means the Company, *mutatis mutandis*. Any reference to both Southwest and the Company shall hereafter mean only Southwest.

ARTICLE III MISCELLANEOUS PROVISIONS

Section 3.01 Concerning the Trustee. The Trustee assumes no duties, responsibilities, or liabilities by reason of this Supplemental Indenture other than as set forth in the Indenture. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by Southwest. In addition, and without limiting the foregoing, the Trustee is not charged with knowledge of the Merger Agreement or any of the terms thereof.

Section 3.02 Supplemental Indenture Controls. In the event of a conflict or inconsistency between the Indenture and this Supplemental Indenture, the provisions of this Supplemental Indenture shall control.

Section 3.03 Governing Law. THIS SUPPLEMENTAL INDENTURE AND THE SECURITIES SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

Section 3.04 No Adverse Interpretation of Other Agreements. This Supplemental Indenture may not be used to interpret another indenture, loan, or debt agreement other than the Indenture for purposes of the Securities. Any such indenture, loan, or debt agreement may not be used to interpret this Supplemental Indenture.

Section 3.05 Multiple Counterparts. The parties may sign multiple counterparts of this Supplemental Indenture. Each signed counterpart shall be deemed an original, but all of them together shall represent the same agreement.

Section 3.06 Headings. The titles and headings of the articles and sections of this Supplemental Indenture have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

Section 3.07 Successors and Assigns. All covenants and agreements made by Southwest in this Supplemental Indenture shall be binding upon their respective successors and assigns, whether expressed or not.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed.

SOUTHWEST AIRLINES CO.

By: /s/ Laura Wright

Name: Laura Wright

Title: Senior Vice President Finance & Chief Financial Officer

Signature Page to 5.25% Fifth Supplemental Indenture

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: /s/ Susan Freedman
Name: Susan Freedman
Title: Vice President

Signature Page to 5.25% Fifth Supplemental Indenture

FIRST SUPPLEMENTAL INDENTURE

This First Supplemental Indenture (this “**Supplemental Indenture**”), dated as of May 2, 2011, is entered into by and among AirTran Holdings, Inc., a Nevada corporation (the “**Company**”), AirTran Airways, Inc., a Delaware corporation (the “**Guarantor**”), Southwest Airlines Co., a Texas corporation (“**Southwest**”), and Wilmington Trust Company, a Delaware banking corporation, as trustee (the “**Trustee**”). Capitalized terms used herein and not otherwise defined have the meanings set forth in the Base Indenture referred to below.

WHEREAS, the Company, the Guarantor and the Trustee are parties to an Indenture dated as of May 7, 2003 relating to the issuance of the Company’s 7% Convertible Notes due 2023 (the “**Base Indenture**”);

WHEREAS, the Company, Southwest and Guadalupe Holdings Corp., a Nevada corporation and wholly owned subsidiary of Southwest (“**Merger Sub**”), are parties to that certain Agreement and Plan of Merger dated as of September 26, 2010, pursuant to which, at the effective time of the Merger contemplated thereby (the “**Effective Time**”), Merger Sub merged with and into the Company such that the separate corporate existence of Merger Sub ceased and the Company continued as the surviving corporation, and each share of Common Stock of the Company issued and outstanding immediately prior to the Effective Time was converted into the right to receive 0.321 of a share of Southwest’s common stock, par value \$1.00 per share, and \$3.75 in cash, in each case as set forth therein;

WHEREAS, Section 3.05(e) of the Base Indenture provides that in the event of a merger of the Company with another Person as a result of which holders of the Common Stock of the Company are entitled to receive stock, securities or other property or assets (including cash) with respect to or in exchange for such Common Stock of the Company, and such stock, securities or other property or assets (including cash) includes shares of common stock of another Person that are, or upon issuance will be, traded on a United States national securities exchange or approved for trading on an established automated over-the-counter trading market in the United States and such shares constitute at the time such change or exchange becomes effective in excess of 50% of the aggregate fair market value of such stock, securities, or other property or assets (including cash), then the Person resulting from such merger shall execute and deliver to the Trustee a supplemental indenture (accompanied by an Opinion of Counsel that such supplemental indenture complies with the Trust Indenture Act as in force at the date of execution of such supplemental indenture) modifying the provisions of the Base Indenture relating to the right of holders of the Notes to cause the Company to repurchase the Notes following a Fundamental Change, including without limitation the applicable provisions of Section 3.05 of the Base Indenture and the definitions of Common Stock and Fundamental Change, as appropriate, as determined in good faith by the Company, to make such provisions apply to such other Person if different from the Company and the common stock issued by such Person (in lieu of the Company and the Common Stock of the Company);

WHEREAS, Section 14.06 of the Base Indenture provides that in the event of a merger of the Company with another Person as a result of which holders of Common Stock shall be entitled to receive stock, other securities or other property or assets (including cash) with respect to or in exchange for such Common Stock, then the Company or the successor or purchasing Person, as

the case may be, shall execute with the Trustee a supplemental indenture (which shall comply with the Trust Indenture Act as in force at the date of execution of such supplemental indenture) providing that each Note shall be convertible into the kind and amount of shares of stock, other securities or other property or assets (including cash) receivable upon such merger by a holder of a number of shares of Common Stock issuable upon conversion of such Notes (assuming, for such purposes, a sufficient number of authorized shares of Common Stock are available to convert all such Notes) immediately prior to such merger;

WHEREAS, in accordance with Section 10.01 of the Base Indenture, the Company, the Guarantor, Southwest and the Trustee may amend or supplement the Base Indenture as provided in this Supplemental Indenture without the consent of the holders of the Notes; and

WHEREAS, each of the Company, the Guarantor, and Southwest have duly authorized the execution and delivery of this Supplemental Indenture.

NOW, THEREFORE, the parties hereto covenant and agree for the equal and proportionate benefit of all Holders of the Notes, as follows:

ARTICLE I
DEFINITIONS

Section 1.01. Definitions. Section 1.01 of the Base Indenture is hereby amended as follows:

(a) The definition of “Common Stock” is hereby amended and restated in its entirety to read as follows:

“**Common Stock**” means any stock of any class of Southwest which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of Southwest and which is not subject to redemption by Southwest. Subject to the provisions of Section 14.06, however, shares issuable on conversion of Notes shall include only shares of the class designated as common stock of Southwest at the date of this Indenture (namely, the Common Stock, par value \$1.00 per share, of Southwest) or shares of any class or classes resulting from any reclassification or reclassifications thereof and which have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of Southwest and which are not subject to redemption by Southwest; *provided* that if at any time there shall be more than one such resulting class, the shares of each such class then so issuable on conversion shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

(b) The definition of “AirTran Consideration Unit” is hereby added to the Base Indenture and shall read as follows:

“**AirTran Consideration Unit**” means the Stock Component Rate shares of Common Stock plus the Cash Component.

(c) The definition of “Cash Component” is hereby added to the Base Indenture and shall read as follows:

“Cash Component” means the cash portion of the AirTran Consideration Unit, which is \$3.75, without interest.

(d) The definition of “Southwest” is hereby added to the Base Indenture and shall read as follows:

“Southwest” means Southwest Airlines Co., a Texas corporation, and, subject to the provisions of Section 14.06, shall include its successors and assigns.

(e) The definition of “Stock Component Rate” is hereby added to the Base Indenture and shall read as follows:

“Stock Component Rate” means 0.321, subject to adjustment as provided in Article 14.

ARTICLE II

CONVERSION INTO COMMON STOCK OF SOUTHWEST

Section 2.01. Conversion. Article 14 of the Base Indenture is hereby amended and restated in its entirety to read as set forth on Annex A hereto.

Section 2.02. Conversion to AirTran Consideration Units. All references to “Common Stock” in Sections 3.02, 3.03, 6.07 and 10.02 of the Base Indenture are hereby amended and replaced with “AirTran Consideration Units.”

Section 2.03. Redemption at Option of Holders Upon a Fundamental Change. Section 3.05(e) of the Base Indenture is hereby amended and restated in its entirety to read as follows:

(e) In the case of a reclassification, change, consolidation, merger, combination, sale or conveyance to which Section 14.06 applies, in which Common Stock is changed or exchanged as a result into the right to receive stock, securities or other property or assets (including cash), which includes shares of Common Stock or shares of common stock of another Person that are, or upon issuance will be, traded on a United States national securities exchange or approved for trading on an established automated over-the-counter trading market in the United States and such shares constitute at the time such change or exchange becomes effective in excess of 50% of the aggregate fair market value of such stock, securities or other property or assets (including cash) (as determined by the Company, which determination shall be conclusive and binding), then the Person formed by such consolidation or resulting from such merger or which acquires such assets, as the case may be, shall execute and deliver to the Trustee a supplemental indenture (accompanied by an Opinion of Counsel that such supplemental indenture complies with the Trust Indenture Act as in force at the date of execution of such supplemental indenture) modifying the provisions of this Indenture relating to the right of holders of the Notes to cause the Company to repurchase the Notes following a Fundamental Change, including without limitation the applicable provisions of this

Section 3.05 and the definitions of Common Stock, AirTran Consideration Units and Fundamental Change, as appropriate, as determined in good faith by the Company (which determination shall be conclusive and binding), to make such provisions apply to such other Person if different from the Company and the common stock issued by such Person (in lieu of the Company and AirTran Consideration Units).

Section 2.04. Southwest Web Site. The reference to the “Company’s web site” in Section 3.07(c) of the Base Indenture is hereby amended and replaced with “Southwest’s web site.”

ARTICLE III NOTICES

Section 3.01. Addresses for Notices, Etc. The first sentence of Section 16.03 of the Base Indenture is hereby amended and restated in its entirety to read as follows:

Any notice or demand which by any provision of this Indenture is required or permitted to be given or served by the Trustee or by the holders of Notes on the Company shall be deemed to have been sufficiently given or made, for all purposes, if given or served by being deposited postage prepaid by registered or certified mail in a post office letter box addressed (until another address is filed by the Company with the Trustee) to Southwest Airlines Co., 2702 Love Field Drive, Dallas, Texas 75235, Attention: Chief Financial Officer.

ARTICLE IV FORM OF 7% CONVERTIBLE NOTES DUE 2023

Section 4.01. Except as otherwise provided, all references to “Common Stock of the Company” on the reverse of the form of the Note set forth in Exhibit A to the Base Indenture are hereby amended and replaced with “Common Stock.”

Section 4.02. The third paragraph on the reverse of the form of the Note set forth in Exhibit A to the Base Indenture is hereby amended and restated in its entirety as follows:

The Indenture contains provisions permitting the Company and the Trustee, with the consent of the holders of at least a majority in aggregate principal amount of the Notes at the time outstanding, to execute supplemental indentures adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of any supplemental indenture or modifying in any manner the rights of the holders of the Notes; *provided* that no such supplemental indenture shall (i) extend the fixed maturity of any Note, or reduce the rate or extend the time of payment of interest thereon, or reduce the principal amount thereof or premium, if any, thereon, or reduce any amount payable upon redemption or repurchase thereof, or impair the right of any Noteholder to institute suit for the payment thereof, or make the principal thereof or interest or premium, if any, thereon payable in any coin or currency other than that provided in the Notes, or change the obligation of the Company to redeem any Note upon the happening of a Fundamental Change in a manner adverse to the holder of the Notes, or change the obligation of the

Company to repurchase any Note on a Repurchase Date in a manner adverse to the holder of the Notes, or impair the right to convert the Notes into AirTran Consideration Units subject to the terms set forth in the Indenture, including Section 14.06 thereof, without the consent of the holder of each Note so affected, or modify any of the provisions of Section 10.02 or Section 6.07 thereof, except to increase any such percentage or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the holder of each Note so affected, or change any obligation of the Company to maintain an office or agency in the places and for the purposes set forth in Section 4.01 thereof, or (ii) reduce the aforesaid percentage of Notes, the holders of which are required to consent to any such supplemental indenture, without the consent of the holders of all Notes then outstanding. Subject to the provisions of the Indenture, the holders of a majority in aggregate principal amount of the Notes at the time outstanding may on behalf of the holders of all of the Notes waive any past default or Event of Default under the Indenture and its consequences except a default in the payment of interest, or any premium on, or the principal of, any of the Notes, or a failure by the Company to convert any Notes into AirTran Consideration Units, or a default in the payment of the redemption price, or a default in the payment of the repurchase price on a Repurchase Date, or a default in respect of a covenant or provisions of the Indenture which under Article 10 of the Indenture cannot be modified or amended without the consent of the holders of each or all Notes then outstanding or affected thereby. Any such consent or waiver by the holder of this Note (unless revoked as provided in the Indenture) shall be conclusive and binding upon such holder and upon all future holders and owners of this Note and any Notes which may be issued in exchange or substitution hereof, irrespective of whether or not any notation thereof is made upon this Note or such other Notes.

Section 4.03. The sixteenth, seventeenth, eighteenth and nineteenth paragraphs on the reverse of the form of the Note set forth in Exhibit A to the Base Indenture are hereby amended and restated in their entirety as follows:

Subject to the occurrence of certain events and in compliance with the provisions of the Indenture, the holder hereof has the right, at its option, to convert each \$1,000 principal amount of the Notes into 89.9281 AirTran Consideration Units. A Note in respect of which a holder is exercising its right to require redemption upon a Fundamental Change or repurchase on a Repurchase Date may be converted only if such holder withdraws its election to exercise either such right in accordance with the terms of the Indenture. The Conversion Rate for the Securities on any Conversion Date shall be determined as set forth in the Indenture. The Company shall deliver cash or a check in lieu of any fractional share of Common Stock.

A holder's right to convert the Notes into AirTran Consideration Units is also subject to the Company's right to elect to pay such holder the amount of cash set forth in the next succeeding sentence in lieu of delivering all or part of such AirTran Consideration Unit; *provided, however*, that if such payment of cash is not permitted pursuant to the provisions of the Indenture, the Company shall deliver AirTran Consideration Units (and cash in lieu of fractional shares of Common Stock) in accordance with the Indenture, whether or not the Company has delivered a notice

pursuant to the Indenture to the effect that the Notes will be paid in cash. If the Company shall elect to make such payment in shares of Common Stock or a combination of cash and Common Stock, the Company shall deliver to the holder through the Conversion Agent, no later than the third Business Day following the date on which the Applicable Stock Price is determined, a certificate for the number of whole shares of Common Stock issuable upon the conversion and, if applicable, cash in lieu of such Common Stock and cash in lieu of any fractional shares. If, however, the Company shall elect to make all or a portion of such payment solely in cash, the Company shall deliver to the holder surrendering a Note the amount of cash per Note (or a portion of a Note) equal to the sum of (A) Applicable Stock Price of the Stock Component Rate of shares of Common Stock multiplied by the Conversion Rate in effect with respect to such Conversion Date plus (B) the Cash Component multiplied by the Conversion Rate in effect with respect to such Conversion Date no later than the third Business Day following such Conversion Date.

If an Event of Default (other than a default in a cash payment upon conversion of the Securities) shall have occurred and be continuing, the Company shall deliver AirTran Consideration Unit in accordance with the terms of the Indenture, whether or not the Company has delivered a notice pursuant to Section 14.02 of the Indenture to the effect that the Notes would be paid in cash or a combination of cash and Common Stock.

A holder may convert a portion of a Security if the principal amount of such portion is \$1,000 or an integral multiple of \$1,000. No payment or adjustment shall be made for dividends on the Common Stock except as provided in the Indenture. On conversion of a Note, except for conversion during the period from the close of business on any record date immediately preceding any interest payment date to the close of business on the Business Day immediately preceding such interest payment date, in which case the holder on such record date shall receive the interest payable on such interest payment date, that portion of accrued and unpaid interest on the converted Note attributable to the period from the most recent interest payment date (or, if no interest payment date has occurred, from the Issue Date) through the Conversion Date shall not be cancelled, extinguished or forfeited, but rather shall be deemed to be paid in full to the holder thereof through delivery of the AirTran Consideration Units (together with the cash payment, if any, in lieu of fractional shares), or cash in lieu thereof, in exchange for the Note being converted pursuant to the provisions hereof.

ARTICLE V CONVERSION NOTICE

Section 5.01. Conversion Notice. The reference to “shares of Common Stock of AirTran Holdings, Inc.” on the form of Conversion Notice for the Notes is hereby amended and replaced with “AirTran Consideration Units.”

ARTICLE VI MISCELLANEOUS PROVISIONS

Section 6.01. Concerning the Trustee. The Trustee assumes no duties, responsibilities, or liabilities by reason of this Supplemental Indenture other than as set forth in the Base

Indenture. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Company, the Guarantor, and Southwest.

Section 6.02. Supplemental Indenture Controls. In the event of a conflict or inconsistency between the Base Indenture and this Supplemental Indenture, the provisions of this Supplemental Indenture shall control.

Section 6.03. Governing Law. This Supplemental Indenture shall be deemed to be a contract made under the laws of the State of New York, and for all purposes shall be construed in accordance with the laws of the State of New York, without regard to conflicts of laws principles thereof.

Section 6.04. Execution in Counterparts. This Supplemental 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 6.05. Confirmation of Base Indenture. Except as amended and supplemented hereby, the Base Indenture is hereby ratified, confirmed and reaffirmed in all respects. The Base Indenture and this Supplemental Indenture shall be read, taken and construed as one and the same instrument. For the avoidance of doubt, Southwest does not hereby assume any obligations of the Company or the Guarantor under the Base Indenture, as supplemented and amended by this Supplemental Indenture, other than as expressly provided for in this Supplemental Indenture.

Section 6.06. Headings. The titles and headings of the articles and sections of this Supplemental Indenture have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed.

AIRTRAN HOLDINGS, INC.

By: /s/ Ron Ricks
Name: Ron Ricks
Title: President, Secretary and Treasurer

Signature Page to First Supplemental Indenture

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed.

AIRTRAN AIRWAYS, INC.

By: /s/ Laura Wright

Name: Laura Wright

Title: Senior Vice President & Chief Financial Officer

Signature Page to First Supplemental Indenture

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed.

SOUTHWEST AIRLINES CO.

By: /s/ Laura Wright
Name: Laura Wright
Title: Senior Vice President Finance & Chief Financial Officer

Signature Page to First Supplemental Indenture

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed.

WILMINGTON TRUST COMPANY,
as Trustee

By: /s/ Michael G. Oller, Jr.
Name: Michael G. Oller, Jr.
Title: Assistant Vice President

Signature Page to First Supplemental Indenture

ANNEX A

ARTICLE 14
CONVERSION OF NOTES

Section 14.01. Right to Convert. (a) Subject to and upon compliance with the provisions of this Indenture, the holder of any Note shall have the right, at such holder's option, to convert the principal amount of the Note, or any portion of such principal amount which is a multiple of \$1,000, into AirTran Consideration Units, which include fully paid and nonassessable shares of Common Stock (as such shares shall then be constituted), at the Conversion Rate in effect at such time, by surrender of the Note so to be converted in whole or in part, together with any required funds, in the manner provided in Section 14.02. The Notes shall be convertible only upon the occurrence of one of the following events:

- (i) After June 30, 2003, if the Closing Sale Price of the Stock Component Rate of shares of Common Stock plus the Cash Component exceeds 110% of the Conversion Price for at least 20 Trading Days in the 30 consecutive Trading Day period ending on the last Trading Day of the immediately preceding fiscal quarter (it being understood for purposes of this Section 14.01(a)(i) that the Conversion Price in effect at the close of business on each of the 30 consecutive Trading Days should be used);
- (ii) during each of the five Business Day period after any five consecutive Trading Day period in which the Trading Price per \$1,000 principal amount of the Notes for each day of such five day period was less than 98% of the sum of (A) the product of the Closing Sale Price on the applicable date multiplied by the number of shares of Common Stock, making up a portion of the AirTran Consideration Unit, into which \$1,000 principal amount of the Notes could then be converted (assuming that the Notes were convertible as of such date) plus (B) the product of the Cash Component multiplied by the number of AirTran Consideration Units into which \$1,000 principal amount of the Notes could then be converted (assuming that the Notes were convertible as of such date); *provided* that if on the date of any conversion pursuant to this clause (ii) that is after July 1, 2018 the Closing Sale Price of the Stock Component Rate of shares of Common Stock plus the Cash Component is greater than the Conversion Price, a holder shall receive, in lieu of AirTran Consideration Units based on the Conversion Price, cash or Common Stock or a combination of cash and Common Stock, at the Company's option, with a value equal to the principal amount of the holder's Notes plus accrued interest as of the conversion date (a "**Principal Value Conversion**");
- (iii) if such Note has been called for redemption, at any time on or after the date the notice of redemption has been given until the close of business on the Business Day immediately preceding, the redemption date or if earlier the discharge of the Indenture under Section 12.01; or
- (iv) as provided in Section (b) of this Section 14.01.

The Trustee (or other conversion agent appointed by the Company) shall, on behalf of the Company, determine on a daily basis whether the Notes shall be convertible as a result of the

occurrence of an event specified in clause (i) above and, if the Notes shall be convertible, the Trustee (or other conversion agent appointed by the Company) shall promptly deliver to the Company and the Trustee (if the Trustee is not the conversion agent) written notice thereof Whenever the Notes shall become convertible pursuant to this Section 14.01, the Company or, at the Company's request, the Trustee in the name and at the expense of the Company, shall notify the holders of the event triggering such convertibility in the manner provided in Section 16.03, and the Company shall also publicly announce such information and publish it on Southwest's web site. Any notice so given shall be conclusively presumed to have been duly given, whether or not the holder receives such notice.

The Trustee (or other conversion agent appointed by the Company) shall have no obligation to determine the Trading Price under this Section 14.01 unless the Company has requested such a determination; and the Company shall have no obligation to make such request unless a holder provides it with reasonable evidence that the Trading Price per \$1,000 principal amount of Notes would be less than 98% of the sum of (A) the product of the Closing Sale Price on the applicable date multiplied by the number of shares of Common Stock, making up a portion of the AirTran Consideration Unit, into which \$1,000 principal amount of the Notes could then be converted (assuming that the Notes were convertible as of such date) plus (B) the product of the Cash Component multiplied by the number of AirTran Consideration Units into which \$1,000 principal amount of the Notes could then be converted (assuming that the Notes were convertible as of such date). If such evidence is provided, the Company shall instruct the Trustee (or other conversion agent) to determine the Trading Price of the Notes beginning on the next Trading Day and on each successive Trading Day until the Trading Price per \$1,000 principal amount of Notes is greater than or equal to 98% of the sum of (A) the product of the Closing Sale Price on the applicable date multiplied by the number of shares of Common Stock, making up a portion of the AirTran Consideration Unit, into which \$1,000 principal amount of the Notes could then be converted (assuming that the Notes were convertible as of such date) plus (B) the product of the Cash Component multiplied by the number of AirTran Consideration Units into which \$1,000 principal amount of the Notes could then be converted (assuming that the Notes were convertible as of such date).

(b) In addition, if:

(i) (A) Southwest distributes to all holders of Common Stock rights or warrants entitling them (for a period expiring within 45 days of the record date for the determination of the stockholders entitled to receive such distribution) to subscribe for or purchase shares of Common Stock, at a price per share less than the average of the Closing Sale Price for the ten Trading Days immediately preceding, but not including, the date such distribution is first publicly announced by Southwest, or (B) Southwest distributes to all holders of Common Stock, cash, assets (other than cash distributions permitted by Section 14.05(e)), debt securities or rights to purchase its securities, where the Fair Market Value of such distribution per share of Common Stock exceeds 5% of the Closing Sale Price on the Trading Day immediately preceding, the date such distribution is first publicly announced by Southwest, then, in either case, the Notes may be surrendered for conversion at any time on and after the date that the Company gives notice to the holders of such distribution, which shall be not less than 20 days prior to the Ex-Dividend Time for such distribution,

until the earlier of the close of business on the Business Day immediately preceding, but not including, the Ex-Dividend Time or the date Southwest publicly announces that such distribution will not take place; *provided* that no adjustment to the Conversion Price or the ability of a holder of a Note to convert will be made if the holder will otherwise participate in such distribution without conversion; or

(ii) Southwest consolidates with or merges with or into another Person or is a party to a binding share exchange or conveys, transfers, sells, leases or otherwise disposes of all or substantially all of its properties and assets, then the Notes may be surrendered for conversion at any time from and after the date fifteen (15) days prior to the anticipated effective date of the transaction and ending on and including the date fifteen (15) days after the consummation of the transaction. The Board of Directors shall determine the anticipated effective date of the transaction, and such determination shall be conclusive and binding on the holders and shall be publicly announced by Southwest and posted on Southwest's web site not later than two Business Day prior to such 15th day. If Southwest is a party to a consolidation, merger, binding share exchange or sale of all or substantially all of its assets, in each case pursuant to which the Common Stock is converted into cash, securities, or other property, then at the effective time of the transaction, a holder's right to convert a Note into the AirTran Consideration Units will be changed into a right to convert it into the kind and amount of cash (including the Cash Component), securities and other property which such holder would have received if such holder had converted such Notes immediately prior to the transaction.

"Ex-Dividend Time" means, with respect to any distribution on shares of Common Stock, the first date on which the shares of Common Stock trade regular way on the principal securities market on which the shares of Common Stock are then traded without the right to receive such distribution.

(c) A Note in respect of which a holder is electing to exercise its option to require redemption upon a Fundamental Change pursuant to Section 3.05(a) or repurchase pursuant to Section 3.06 may be converted only if such holder withdraws its election in accordance with Section 3.05(b) or Section 3.08, respectively. A holder of Notes is not entitled to any rights of a holder of Common Stock until such holder has converted his Notes to AirTran Consideration Units, and only to the extent such Notes are deemed to have been converted to AirTran Consideration Units under this Article 14.

Section 14.02. Conversion Procedures. To convert a Note, a holder must (a) complete and manually sign the Conversion Notice or a facsimile of the Conversion Notice on the back of the Note and deliver such notice to the Conversion Agent, (b) surrender the Note to a Conversion Agent, (c) furnish appropriate endorsements and transfer documents if required by the Registrar or the Conversion Agent, (d) pay any transfer or similar tax, if required and (e) if required, pay funds equal to the interest payable on the next interest payment date. In the case of a Global Note, the Conversion Notice shall be completed by a DTC participant on behalf of the beneficial holder. The date, within the time periods set forth in Section 14.01, on which the holder satisfies all of those requirements is the **"Conversion Date."** Within two Business Days following the Conversion Date, the Company shall deliver to the holder, through the Trustee, written notice of

whether such Notes shall be converted into AirTran Consideration Units or paid in cash or a combination of cash and Common Stock (unless the Company shall have already done so pursuant to a notice of redemption pursuant to Section 3.07 in respect of a Conversion Date occurring before the Redemption Date set forth in such notice). If the Company shall have notified the holder that all of such Notes shall be converted into AirTran Consideration Units or other combination of cash and Common Stock, Southwest or the Company, as applicable, shall deliver to the holder through the Conversion Agent, no later than the third Business Day following the date on which the Applicable Stock Price is determined, a certificate for the number of whole shares of Common Stock issuable and the Cash Component payable upon the conversion and, if applicable, cash in lieu of such Common Stock and cash in lieu of any fractional shares pursuant to Section 14.03. Except as otherwise provided in this Article 14, if the Company shall have notified the holder that all or a portion of such Note shall be paid solely in cash, the Company shall deliver to the holder surrendering such Note the amount of cash per Note (or a portion of a Note) equal to the sum of (A) the product of the Applicable Stock Price of the Stock Component Rate of shares of Common Stock multiplied by the Conversion Rate in effect with respect to such Conversion Date plus (B) the Cash Component multiplied by the Conversion Rate in effect with respect to such Conversion Date no later than the third Business Day following such Conversion Date.

Except as otherwise provided in this Article 14, the Company may not change its election with respect to the consideration to be delivered upon conversion of a Note once the Company has notified the holder in accordance with this paragraph. Anything herein to the contrary notwithstanding, in the case of Global Notes, Conversion Notices may be delivered and such Notes may be surrendered for conversion in accordance with the applicable procedures of the Depositary as in effect from time to time. The Person in whose name the Common Stock certificate is registered shall be deemed to be a shareholder of record of Southwest at the close of business on the date on which the Applicable Stock Price is determined with respect to the applicable Conversion Date; *provided, however*, that if any such date is a date when the stock transfer books of Southwest are closed, such Person shall be deemed a shareholder of record of Southwest as of the next date on which the stock transfer books of Southwest are open.

In the case of a Principal Value Conversion, a holder will receive, in lieu of AirTran Consideration Units, cash, Common Stock or a combination of cash and Common Stock, at the Company's option, with a value equal to the principal amount of the Note converted plus accrued interest, as of the Conversion Date. If a holder surrenders its Notes for conversion and it is a Principal Value Conversion, the Company will notify the holder by the second Trading Day following the Conversion Date whether it will pay the principal amount plus accrued interest in cash, Common Stock or a combination of cash and Common Stock, and in what percentage. Any Common Stock delivered upon a Principal Value Conversion will be valued at the greater of (x) the Conversion Price on the Conversion Date minus the Cash Component and (y) the Applicable Stock Price as of the conversion date. The Company will pay any portion of the principal amount plus accrued interest to be paid in cash and deliver Common Stock with respect to any portion of the principal amount plus accrued and unpaid interest to be paid in Common Stock no later than the third Business Day following the determination of the Applicable Stock Price.

No payment or adjustment shall be made for dividends on, or other distributions with respect to, any Common Stock except as provided in this Article. On conversion of a Note, except for conversion during the period from the close of business on any record date immediately preceding any interest payment date to the close of business on the Business Day immediately preceding such interest payment date, in which case the holder on such record date shall receive the interest payable on such interest payment date, that portion of accrued and unpaid interest on the converted Note attributable to the period from the most recent interest payment date (or, if no interest payment date has occurred, from the Issue Date) through the Conversion Date shall not be cancelled, extinguished or forfeited, but rather shall be deemed to be paid in full to the holder thereof through delivery of the AirTran Consideration Units (together with the cash payment, if any, in lieu of fractional shares), or cash or a combination of cash and Common Stock in lieu thereof, in exchange for the Note being converted pursuant to the provisions hereof, and the fair market value of such AirTran Consideration Units (together with any such cash payment in lieu of fractional shares), or cash or a combination of cash and Common Stock in lieu thereof, shall be treated as issued, to the extent thereof, first in exchange for accrued and unpaid interest accrued through the Conversion Date and the balance, if any, of such fair market value of such AirTran Consideration Units (and any such cash payment), or cash in lieu thereof, shall be treated as issued in exchange for the principal amount of the Note being converted pursuant to the provisions hereof.

If a holder converts more than one Note at the same time, the number of AirTran Consideration Units issuable upon the conversion shall be based on the aggregate principal amount of Notes converted.

Upon surrender of a Note that is converted in part, the Company shall execute, and the Trustee shall authenticate and deliver to the holder, a new Note equal in principal amount to the principal amount of the unconverted portion of the Note surrendered.

Notes or portions thereof surrendered for conversion during the period from the close of business on any record date immediately preceding any interest payment date to the close of business on the Business Day immediately preceding such interest payment date shall be accompanied by payment to the Company or its order, in New York Clearing House funds or other funds acceptable to the Company, of an amount equal to the interest payable on such interest payment date with respect to the principal amount of Notes or portions thereof being surrendered for conversion; *provided* that no such payment need be made if (1) the Company has specified a Redemption Date that occurs during the period from the close of business on a record date to the close of business on the Business Day immediately preceding the interest payment date to which such record date relates, (2) the Company has specified a Fundamental Change Redemption Date during such period or (3) only to the extent of overdue interest, any overdue interest exists on the Conversion Date with respect to the Notes converted.

The holders' rights to convert Notes into AirTran Consideration Units are subject to the Company's right to elect instead to pay each such holder the amount of cash determined pursuant to this Article (or an equivalent amount in a combination of cash and shares of Common Stock), in lieu of delivering such AirTran Consideration Units; *provided, however*, that if an Event of Default (other than a default in a cash payment upon conversion of the Notes) shall have

occurred and be continuing, the Company shall deliver AirTran Consideration Units in accordance with this Article, whether or not the Company has delivered a notice pursuant to this Section 14.02 to the effect that the Notes would be paid in cash or a combination of cash and Common Stock.

Section 14.03. Cash Payments in Lieu of Fractional Shares. No fractional shares of Common Stock or scrip certificates representing fractional shares shall be issued upon conversion of Notes. If more than one Note shall be surrendered for conversion at one time by the same holder, the number of full shares that shall be issuable upon conversion shall be computed on the basis of the aggregate principal amount of the Notes (or specified portions thereof to the extent permitted hereby) so surrendered. If any fractional share of stock would be issuable upon the conversion of any Note or Notes, the Company shall make an adjustment and payment therefor in cash at the current market price thereof to the holder of Notes. For purposes of this Section 14.03, the “**current market price**” of a share of Common Stock shall be the Closing Sale Price on the last Business Day immediately preceding the day on which the Notes (or specified portions thereof) are deemed to have been converted.

Section 14.04. Conversion Rate. Each \$1,000 principal amount of the Notes shall be convertible into 89.9281 AirTran Consideration Units (herein called the “**Conversion Rate**”).

Section 14.05. Adjustment of Stock Component Rate. The Stock Component Rate shall be adjusted from time to time by the Company as follows:

(a) In case Southwest shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Stock Component Rate shall be increased so that the same shall equal the rate determined by multiplying the Stock Component Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution by a fraction,

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the date fixed for the determination of stockholders entitled to receive such dividend or other distribution plus the total number of shares of Common Stock constituting such dividend or other distribution; and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the date fixed for such determination,

such increase to become effective immediately after the opening of business on the day following the date fixed for such determination. For the purpose of this paragraph (a), the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of Southwest. Southwest will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of Southwest. If any dividend or distribution of the type described in this Section 14.05(a) is declared but not so paid or made, the Stock Component Rate shall again be adjusted to the Stock Component Rate that would then be in effect if such dividend or distribution had not been declared.

(b) In case Southwest shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period expiring within forty-five (45) days after the date fixed for determination of stockholders entitled to receive such rights or warrants) to subscribe for or purchase shares of Common Stock at a price per share less than the Current Market Price on the date fixed for determination of stockholders entitled to receive such rights or warrants, the Stock Component Rate shall be increased so that the same shall equal the rate determined by multiplying the Stock Component Rate in effect immediately prior to the date fixed for determination of stockholders entitled to receive such rights or warrants by a fraction,

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the date fixed for determination of stockholders entitled to receive such rights or warrants plus the total number of additional shares of Common Stock offered for subscription or purchase, and

(2) the denominator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the date fixed for determination of stockholders entitled to receive such rights or warrants plus the number of shares that the aggregate offering price of the total number of shares so offered would purchase at such Current Market Price.

Such adjustment shall be successively made whenever any such rights or warrants are issued, and shall become effective immediately after the opening of business on the day following the date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock are not delivered after the expiration of such rights or warrants, the Stock Component Rate shall be readjusted to the Stock Component Rate that would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of delivery of only the number of shares of Common Stock actually delivered. If such rights or warrants are not so issued, the Stock Component Rate shall again be adjusted to be the Stock Component Rate that would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received by Southwest for such rights or warrants and any amount payable on exercise or conversion thereof, the value of such consideration, if other than cash, to be determined by the board of directors of Southwest.

(c) In case outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock, the Stock Component Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and conversely, in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock, the Stock Component Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be proportionately reduced, such increase or reduction, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(d) In case Southwest shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of Southwest or evidences of its indebtedness or assets (including securities, but excluding any rights or warrants referred to in Section 14.05(b), and excluding any dividend or distribution (x) paid exclusively in cash or (y) referred to in Section 14.05(a) (any of the foregoing hereinafter in this Section 14.05(d)) called the “**Securities**”), then, in each such case (unless Southwest elects to reserve such Securities for distribution to the Noteholders upon the conversion of the Notes so that any such holder converting Notes will receive upon such conversion, in addition to the shares of Common Stock making up a portion of the AirTran Consideration Units to which such holder is entitled, the amount and kind of such Securities which such holder would have received if such holder had converted its Notes into AirTran Consideration Units immediately prior to the Record Date, the Stock Component Rate shall be increased so that the same shall be equal to the rate determined by multiplying the Stock Component Rate in effect on the Record Date with respect to such distribution by a fraction,

(1) the numerator of which shall be the Current Market Price on such Record Date; and

(2) the denominator of which shall be the Current Market Price on such Record Date less the fair market value (as determined by the board of directors of Southwest, whose determination shall be conclusive, and described in a resolution of the board of directors of Southwest) on the Record Date of the portion of the Securities so distributed applicable to one share of Common Stock,

such adjustment to become effective immediately prior to the opening of business on the day following such Record Date; *provided* that if the then fair market value (as so determined) of the portion of the Securities so distributed applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Noteholder shall have the right to receive upon conversion the amount of Securities such holder would have received had such holder converted each Note on the Record Date. If such dividend or distribution is not so paid or made, the Stock Component Rate shall again be adjusted to be the Stock Component Rate that would then be in effect if such dividend or distribution had not been declared. If the board of directors of Southwest determines the fair market value of any distribution for purposes of this Section 14.05(d) by reference to the actual or when issued trading market for any securities, it must in doing so consider the prices in such market over the same period used in computing the Current Market Price on the applicable Record Date. Notwithstanding the foregoing, if the Securities distributed by Southwest to all holders of Common Stock consist of capital stock of, or similar equity interests in, a Subsidiary or other business unit, the Stock Component Rate shall be increased so that the same shall be equal to the rate determined by multiplying the Stock Component Rate in effect on the Record Date with respect to such distribution by a fraction:

(1) the numerator of which shall be the sum of (x) the average Closing Price of one share of Common Stock over the ten consecutive Trading Day period (the “**Spinoff Valuation Period**”) commencing on and including the fifth Trading Day after the date on which “ex-dividend trading” commences on Common Stock on the New York Stock

Exchange or such other national or regional exchange or market on which Common Stock is then listed or quoted and (y) the average Closing Price over the Spinoff Valuation Period of the portion of the Securities so distributed applicable to one share of Common Stock; and

(2) the denominator of which shall be the average Closing Price of one share of Common Stock over the Spinoff Valuation Period,

such adjustment to become effective immediately prior to the opening of business on the day following such Record Date; *provided* that the Company may in lieu of the foregoing adjustment make adequate provision so that each Noteholder shall have the right to receive upon conversion the amount of Securities such holder would have received had such holder converted each note on the Record Date with respect to such distribution.

Rights or warrants distributed by Southwest to all holders of Common Stock entitling the holders thereof to subscribe for or purchase shares of the Southwest's capital stock (either initially or under certain circumstances), which rights or warrants, until the occurrence of a specified event or events ("**Trigger Event**"): (i) are deemed to be transferred with such shares of Common Stock; (ii) are not exercisable; and (iii) are also issued in respect of future issuances of Common Stock, shall be deemed not to have been distributed for purposes of this Section 14.05 (and no adjustment to the Stock Component Rate under this Section 14.05 will be required) until the occurrence of the earliest Trigger Event, whereupon such rights and warrants shall be deemed to have been distributed and an appropriate adjustment (if any is required) to the Stock Component Rate shall be made under this Section 14.05(d). If any such right or warrant, including any such existing rights or warrants distributed prior to the date of this Indenture, are subject to events, upon the occurrence of which such rights or warrants become exercisable to purchase different securities, evidences of indebtedness or other assets, then the date of the occurrence of any and each such event shall be deemed to be the date of distribution and record date with respect to new rights or warrants with such rights (and a termination or expiration of the existing rights or warrants without exercise by any of the holders thereof). In addition, in the event of any distribution (or deemed distribution) of rights or warrants, or any Trigger Event or other event (of the type described in the preceding sentence) with respect thereto that was counted for purposes of calculating a distribution amount for which an adjustment to the Stock Component Rate under this Section 14.05 was made, (1) in the case of any such rights or warrants that shall all have been redeemed or repurchased without exercise by any holders thereof, the Stock Component Rate shall be readjusted upon such final redemption or repurchase to give effect to such distribution or Trigger Event, as the case may be, as though it were a cash distribution, equal to the per share redemption or repurchase price received by a holder or holders of Common Stock with respect to such rights or warrants (assuming such holder had retained such rights or warrants), made to all holders of Common Stock as of the date of such redemption or repurchase, and (2) in the case of such rights or warrants that shall have expired or been terminated without exercise by any holders thereof, the Stock Component Rate shall be readjusted as if such rights and warrants had not been issued.

No adjustment of the Stock Component Rate shall be made pursuant to this Section 14.05(d) in respect of rights or warrants distributed or deemed distributed on any Trigger Event to the extent that such rights or warrants are actually distributed, or reserved by Southwest for distribution to holders of Notes upon conversion by such holders of Notes to AirTran Consideration Units.

For purposes of this Section 14.05(d) and Section 14.01(a) and (b), any dividend or distribution to which this Section 14.05(d) is applicable that also includes shares of Common Stock, or rights or warrants to subscribe for or purchase shares of Common Stock (or both), shall be deemed instead to be (1) a dividend or distribution of the evidences of indebtedness, assets or shares of capital stock other than such shares of Common Stock or rights or warrants (and any Stock Component Rate adjustment required by this Section 14.05(d) with respect to such dividend or distribution shall then be made) immediately followed by (2) a dividend or distribution of such shares of Common Stock or such rights or warrants (and any further Stock Component Rate adjustment required by Sections 14.05(a) and (b) with respect to such dividend or distribution shall then be made), except

(A) the Record Date of such dividend or distribution shall be substituted as “the date fixed for the determination of stockholders entitled to receive such dividend or other distribution”, “the date fixed for the determination of stockholders entitled to receive such rights or warrants” and “the date fixed for such determination” within the meaning of Section 14.05(a) and (b) and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed “outstanding at the close of business on the date fixed for such determination” within the meaning of Section 14.05(a).

(e) In case Southwest shall, by dividend or otherwise, distribute to all holders of Common Stock cash (excluding (x) any quarterly cash dividend on the Common Stock to the extent the aggregate cash dividend per share of Common Stock in any fiscal quarter does not exceed the *greater* of (A) the amount per share of Common Stock of the next preceding quarterly cash dividend on Common Stock to the extent that such preceding quarterly dividend did not require any adjustment of the Stock Component Rate pursuant to this Section 14.05(e) (as adjusted to reflect subdivisions, or combinations of the Common Stock), and (B) 1.25% of the arithmetic average of the Closing Sale Price during the ten Trading Days immediately prior to the date of declaration of such dividend, and (y) any dividend or distribution in connection with the liquidation, dissolution or winding up of the Company, whether voluntary or involuntary), then, in such case, the Stock Component Rate shall be increased so that the same shall equal the rate determined by multiplying the Stock Component Rate in effect immediately prior to the close of business on such record date by a fraction,

(1) the numerator of which shall be the Current Market Price on such record date; and

(2) the denominator of which shall be the Current Market Price on such record date less the amount of cash so distributed (and not excluded as provided above) applicable to one share of Common Stock,

such adjustment to be effective immediately prior to the opening of business on the day following the record date; *provided* that if the portion of the cash so distributed applicable to one

share of Common Stock is equal to or greater than the Current Market Price on the record date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Noteholder shall have the right to receive upon conversion the amount of cash such holder would have received had such holder converted each Note on the record date. If such dividend or distribution is not so paid or made, the Stock Component Rate shall again be adjusted to be the Stock Component Rate that would then be in effect if such dividend or distribution had not been declared. If any adjustment is required to be made as set forth in this Section 14.05(e) as a result of a distribution that is a quarterly dividend, such adjustment shall be based upon the amount by which such distribution exceeds the amount of the quarterly cash dividend permitted to be excluded pursuant hereto. If an adjustment is required to be made as set forth in this Section 14.05(e) above as a result of a distribution that is not a quarterly dividend, such adjustment shall be based upon the full amount of the distribution.

(f) In case a tender or exchange offer made by Southwest or any Subsidiary for all or any portion of the Common Stock shall expire and such tender or exchange offer (as amended upon the expiration thereof) shall require the payment to stockholders of consideration per share of Common Stock having a Fair Market Value (as determined by the board of directors of Southwest, whose determination shall be conclusive and described in a resolution of the board of directors of Southwest) that as of the last time (the **“Expiration Time”**) tenders or exchanges may be made pursuant to such tender or exchange offer (as it may be amended) exceeds the Closing Sale Price of a share of Common Stock on the Trading Day next succeeding the Expiration Time, the Stock Component Rate shall be increased so that the same shall equal the rate determined by multiplying the Stock Component Rate in effect immediately prior to the Expiration Time by a fraction,

(1) the numerator of which shall be the sum of (x) the Fair Market Value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted up to any such maximum, being referred to as the **“Purchased Shares”**) and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Closing Sale Price of a share of Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Closing Sale Price of a share of Common Stock on the Trading Day next succeeding the Expiration Time,

such adjustment to become effective immediately prior to the opening of business on the day following the Expiration Time. If Southwest is obligated to purchase shares pursuant to any such tender or exchange offer, but Southwest is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Stock Component Rate shall again be adjusted to be the Stock Component Rate that would then be in effect if such tender or exchange offer had not been made.

(g) In case of a tender or exchange offer made by a Person other than Southwest or any Subsidiary for an amount that increases the offeror's ownership of Common Stock to more than twenty-five percent (25%) of the Common Stock outstanding and shall involve the payment by such Person of consideration per share of Common Stock having a Fair Market Value (as determined by the board of directors of Southwest, whose determination shall be conclusive, and described in a resolution of the board of directors of Southwest) that as of the last time (the **"Offer Expiration Time"**) tenders or exchanges may be made pursuant to such tender or exchange offer (as it shall have been amended) that exceeds the Closing Price of a share of Common Stock on the Trading Day next succeeding the Offer Expiration Time, and in which, as of the Offer Expiration Time the board of directors of Southwest is not recommending rejection of the offer, the Stock Component Rate shall be increased so that the same shall equal the rate determined by multiplying the Stock Component Rate in effect immediately prior to the Offer Expiration Time by a fraction

(1) the numerator of which shall be the sum of (x) the Fair Market Value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Offer Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the **"Accepted Purchased Shares"**) and (y) the product of the number of shares of Common Stock outstanding (less any Accepted Purchased Shares) at the Offer Expiration Time and the Closing Sale Price of a share of Common Stock on the Trading Day next succeeding the Offer Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Offer Expiration Time multiplied by the Closing Sale Price of a share of Common Stock on the Trading Day next succeeding the Offer Expiration Time,

such adjustment to become effective immediately prior to the opening of business on the day following the Offer Expiration Time. If such Person is obligated to purchase shares pursuant to any such tender or exchange offer, but such Person is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Stock Component Rate shall again be adjusted to be the Stock Component Rate that would then be in effect if such tender or exchange offer had not been made. Notwithstanding the foregoing, the adjustment described in this Section 14.05(g) shall not be made if, as of the Offer Expiration Time, the offering documents with respect to such offer disclose a plan or intention to cause the Company to engage in any transaction described in Article 11.

(h) For purposes of this Section 14.05, the following terms shall have the meaning indicated:

(1) **"Current Market Price"** shall mean the average of the daily Closing Sale Prices per share of Common Stock for the ten consecutive Trading Days selected by Southwest commencing no more than 30 Trading Days before and ending not later than the earlier of such date of determination and the day before the "ex" date with respect to the issuance,

distribution, subdivision or combination requiring such computation immediately prior to the date in question. For purpose of this paragraph, the term “ex” date, (1) when used with respect to any issuance or distribution, means the first date on which the Common Stock trades, regular way, on the relevant exchange or in the relevant market from which the Closing Sale Price was obtained without the right to receive such issuance or distribution, and (2) when used with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades, regular way, on such exchange or in such market after the time at which such subdivision or combination becomes effective.

If another issuance, distribution, subdivision or combination to which Section 14.05 applies occurs during the period applicable for calculating “Current Market Price” pursuant to the definition in the preceding paragraph, “Current Market Price” shall be calculated for such period in a manner determined by the board of directors of Southwest to reflect the impact of such issuance, distribution, subdivision or combination on the Closing Sale Price of the Common Stock during such period.

(2) “**Fair Market Value**” shall mean the amount which a willing buyer would pay a willing seller in an arm’s-length transaction.

(3) “**Record Date**” shall mean, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the board of directors of Southwest or by statute, contract or otherwise).

(4) “**Trading Day**” shall mean (x) if the applicable security is quoted on the Nasdaq National Market, a day on which trades may be made thereon or (y) if the applicable security is listed or admitted for trading on the New York Stock Exchange or such other national securities exchange, a day on which the New York Stock Exchange or another national securities exchange is open for business or (z) if the applicable security is not so listed, admitted for trading or quoted, any day other than a Saturday or Sunday or a day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close.

(i) The Company may make such increases in the Stock Component Rate, in addition to those required by Section 14.05(a), (b), (c), (d), (e), (f) or (g) as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Stock Component Rate by any amount for any period of time if the period is at least twenty (20) days, the increase is irrevocable during the period and the Board of Directors shall have made a

determination that such increase would be in the best interests of the Company, which determination shall be conclusive. Whenever the Stock Component Rate is increased pursuant to the preceding sentence, the Company shall mail to holders of record of the Notes a notice of the increase at least fifteen (15) days prior to the date the increased Stock Component Rate takes effect, and such notice shall state the increased Stock Component Rate and the period during which it will be in effect.

(j) No adjustment in the Stock Component Rate shall be required unless such adjustment would require an increase or decrease of at least one percent (1%) in such rate; *provided* that any adjustments that by reason of this Section 14.05(j) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Article 14 shall be made by the Company and shall be made to the nearest cent or to the nearest one-ten thousandth (1/10,000) of a share, as the case may be. No adjustment need be made for rights to purchase Common Stock pursuant to Southwest plan for reinvestment of dividends or interest. To the extent the Notes become convertible into cash, assets, property or securities (other than capital stock of Southwest), no adjustment need be made thereafter as to the cash, assets, property or such securities. Interest will not accrue on any cash into which the Notes are convertible.

(k) Whenever the Stock Component Rate is adjusted as herein provided, the Company shall promptly file with the Trustee and any conversion agent other than the Trustee an Officers' Certificate setting forth the Stock Component Rate after such adjustment and setting forth a brief statement of the facts requiring such adjustment. Unless and until a Responsible Officer of the Trustee shall have received such Officers' Certificate, the Trustee shall not be deemed to have knowledge of any adjustment of the Stock Component Rate and may assume that the last Stock Component Rate of which it has knowledge is still in effect. Promptly after delivery of such certificate, the Company shall prepare a notice of such adjustment of the Stock Component Rate setting forth the adjusted Stock Component Rate and the date on which each adjustment becomes effective and shall mail such notice of such adjustment of the Stock Component Rate to the holder of each Note at his last address appearing on the Note register provided for in Section 2.05 of this Indenture, within twenty (20) days after execution thereof. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

(l) In any case in which this Section 14.05 provides that an adjustment shall become effective immediately after (1) a record date or Record Date for an event, (2) the date fixed for the determination of stockholders entitled to receive a dividend or distribution pursuant to Section 14.05(a), (3) a date fixed for the determination of stockholders entitled to receive rights or warrants pursuant to Section 14.05(b), (4) the Expiration Time for any tender or exchange offer pursuant to Section 14.05(f), or (5) the Offer Expiration Time for a tender or exchange offer pursuant to Section 14.05(g) (each a "**Determination Date**"), the Company may elect to defer until the occurrence of the applicable Adjustment Event (as hereinafter defined) (x) issuing to the holder of any Note converted after such Determination Date and before the occurrence of such Adjustment Event, the additional shares of Common Stock (as part of the AirTran Consideration Units) or other securities issuable upon such conversion by reason of the adjustment required by such Adjustment Event over and above the Common Stock issuable upon such conversion (as part of the AirTran Consideration Units) before giving effect to such adjustment and (y) paying to such holder any amount in cash in lieu of any fraction pursuant to Section 14.03. For purposes of this Section 14.05(1), the term "**Adjustment Event**" shall mean:

(i) in any case referred to in clause (1) hereof, the occurrence of such event,

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- (ii) in any case referred to in clause (2) hereof, the date any such dividend or distribution is paid or made,
 - (iii) in any case referred to in clause (3) hereof, the date of expiration of such rights or warrants, and
 - (iv) in any case referred to in clause (4) or clause (5) hereof, the date a sale or exchange of Common Stock pursuant to such tender or exchange offer is consummated and becomes irrevocable.

(m) For purposes of this Section 14.05, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of Southwest but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. Southwest will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of Southwest.

Section 14.06. Effect of Reclassification, Consolidation, Merger or Sale. If any of the following events occur, namely (i) any reclassification or change of the outstanding shares of Common Stock (other than a subdivision or combination to which Section 14.05(c) applies), (ii) any consolidation, merger or combination of Southwest with another Person as a result of which holders of Common Stock shall be entitled to receive stock, other securities or other property or assets (including cash) with respect to or in exchange for such Common Stock, or (iii) any sale or conveyance of all or substantially all of the properties and assets of Southwest to any other Person as a result of which holders of Common Stock shall be entitled to receive stock, other securities or other property or assets (including cash) with respect to or in exchange for such Common Stock, then the Company and Southwest or the successor or purchasing Person, as the case may be, shall execute with the Trustee a supplemental indenture (which shall comply with the Trust Indenture Act as in force at the date of execution of such supplemental indenture) providing that each Note shall be convertible into the kind and amount of shares of stock, other securities or other property or assets (including cash) receivable upon such reclassification, change, consolidation, merger, combination, sale or conveyance by a holder of a number of shares of Common Stock issuable upon conversion of such Notes (in addition to the Cash Component and assuming, for such purposes, a sufficient number of authorized shares of Common Stock are available to convert all such Notes) immediately prior to such reclassification, change, consolidation, merger, combination, sale or conveyance assuming such holder of Common Stock did not exercise his rights of election, if any, as to the kind or amount of stock, other securities or other property or assets (including cash) receivable upon such reclassification, change, consolidation, merger, combination, sale or conveyance (*provided* that, if the kind or amount of stock, other securities or other property or assets (including cash) receivable upon such reclassification, change, consolidation, merger, combination, sale or conveyance is not the same for each share of Common Stock in respect of which such rights of

election shall not have been exercised (**"nonelecting share"**), then for the purposes of this Section 14.06 the kind and amount of stock, other securities or other property or assets (including cash) receivable upon such reclassification, change, consolidation, merger, combination, sale or conveyance for each non-electing share shall be deemed to be the kind and amount so receivable per share by a plurality of the non-electing shares). Such supplemental indenture shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Article 14.

The Company shall cause notice of the execution of such supplemental indenture to be mailed to each holder of Notes, at its address appearing on the Note register provided for in Section 2.05 of this Indenture, within twenty (20) days after execution thereof. Failure to deliver such notice shall not affect the legality or validity of such supplemental indenture.

The above provisions of this Section shall similarly apply to successive reclassifications, changes, consolidations, mergers, combinations, sales and conveyances.

If this Section 14.06 applies to any event or occurrence, Section 14.05 shall not apply.

Section 14.07. Taxes on Shares Issued. The issue of stock certificates on conversions of Notes shall be made without charge to the converting Noteholder for any documentary, stamp or similar issue or transfer tax in respect of the issue thereof. The Company and Southwest shall not, however, be required to pay any such tax which may be payable in respect of any transfer involved in the issue and delivery of stock in any name other than that of the holder of any Note converted, and the Company and Southwest shall not be required to issue or deliver any such stock certificate unless and until the Person or Persons requesting the issue thereof shall have paid to the Company or Southwest, as applicable, the amount of such tax or shall have established to the satisfaction of the Company or Southwest, as applicable, that such tax has been paid.

Section 14.08. Reservation of Shares, Shares to be Fully Paid; Compliance with Governmental Requirements; Listing of Common Stock. Southwest shall provide, free from preemptive rights, out of its authorized but unissued shares or shares held in treasury, sufficient shares of Common Stock to provide for the conversion of the Notes from time to time as such Notes are presented for conversion.

Before taking any action which would cause an adjustment increasing the Stock Component Rate to an amount that would cause the Conversion Price to be reduced below the then par value, if any, of the shares of Common Stock issuable upon conversion of the Notes, Southwest will take all corporate action which may, in the opinion of its counsel, be necessary in order that Southwest may validly and legally issue shares of such Common Stock at such adjusted Conversion Price.

Southwest covenants that all shares of Common Stock which may be issued upon conversion of Notes will upon issue be fully paid and non-assessable by Southwest and free from all taxes, liens and charges with respect to the issue thereof.

Southwest covenants that, if any shares of Common Stock to be provided for the purpose of conversion of Notes hereunder require registration with or approval of any governmental authority under any federal or state law before such shares may be validly issued upon conversion, Southwest will in good faith and as expeditiously as possible, to the extent then permitted by the rules and interpretations of the Commission (or any successor thereto), endeavor to secure such registration or approval, as the case may be.

Southwest further covenants that, if at any time the Common Stock shall be listed on the New York Stock Exchange, the Nasdaq National Market or any other national securities exchange or automated quotation system, Southwest will, if permitted by the rules of such exchange or automated quotation system, list and keep listed, so long as the Common Stock shall be so listed on such exchange or automated quotation system, all Common Stock issuable upon conversion of the Note; *provided* that if the rules of such exchange or automated quotation system permit Southwest to defer the listing of such Common Stock until the first conversion of the Notes into AirTran Consideration Units in accordance with the provisions of this Indenture, Southwest covenants to list such Common Stock issuable upon conversion of the Notes in accordance with the requirements of such exchange or automated quotation system at such time.

Section 14.09. Responsibility of Trustee. The Trustee and any other conversion agent shall not at any time be under any duty or responsibility to any holder of Notes to determine the Stock Component Rate or whether any facts exist which may require any adjustment of the Stock Component Rate, or with respect to the nature or extent or calculation of any such adjustment when made, or with respect to the method employed, or herein or in any supplemental indenture provided to be employed, in making the same. The Trustee and any other conversion agent shall not be accountable with respect to the validity or value (or the kind or amount) of any shares of Common Stock, or of any securities or property, which may at any time be issued or delivered upon the conversion of any Note; and the Trustee and any other conversion agent make no representations with respect thereto. Neither the Trustee nor any conversion agent shall be responsible for any failure of Southwest to issue, transfer or deliver any shares of Common Stock or stock certificates or other securities or property or cash upon the surrender of any Note for the purpose of conversion or to comply with any of the duties, responsibilities or covenants of the Company or Southwest contained in this Article 14. Without limiting the generality of the foregoing, neither the Trustee nor any conversion agent shall be under any responsibility to determine the correctness of any provisions contained in any supplemental indenture entered into pursuant to Section 14.06 relating either to the kind or amount of shares of stock or securities or property (including cash) receivable by Noteholders upon the conversion of their Notes after any event referred to in such Section 14.06 or to any adjustment to be made with respect thereto, but, subject to the provisions of Section 7.01, may accept as conclusive evidence of the correctness of any such provisions, and shall be protected in relying upon, the Officers' Certificate (which the Company shall be obligated to file with the Trustee prior to the execution of any such supplemental indenture) with respect thereto.

Section 14.10. Notice to Holders Prior to Certain Actions. In case:

(a) Southwest shall declare a dividend (or any other distribution) on Common Stock that would require an adjustment in the Stock Component Rate pursuant to Section 14.05; or

(b) Southwest shall authorize the granting to the holders of all or substantially all of Common Stock of rights or warrants to subscribe for or purchase any share of any class or any other rights or warrants; or

(c) of any reclassification or reorganization of the Common Stock (other than a subdivision or combination of its outstanding Common Stock, or a change in par value, or from par value to no par value, or from no par value to par value), or of any consolidation or merger to which Southwest is a party and for which approval of any stockholders of Southwest is required, or of the sale or transfer of all or substantially all of the assets of Southwest; or

(d) of the voluntary or involuntary dissolution, liquidation or winding up of Southwest;

the Company shall cause to be filed with the Trustee and to be mailed to each holder of Notes at his address appearing on the Note register provided for in Section 2.05 of this Indenture, as promptly as possible but in any event at least ten (10) days prior to the applicable date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution or rights or warrants, or, if a record is not to be taken, the date as of which the holders of Common Stock of record to be entitled to such dividend, distribution or rights are to be determined, or (y) the date on which such reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding up is expected to become effective or occur, and the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their Common Stock for securities or other property deliverable upon such reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding up. Failure to give such notice, or any defect therein, shall not affect the legality or validity of such dividend, distribution, reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding up.

Section 14.11. Rights Issued in Respect of Common Stock Issued Upon Conversion. Each share of Common Stock issued upon conversion of Notes pursuant to this Article 14 shall be entitled to receive the appropriate number of common stock or preferred stock purchase rights, as the case may be (the “**Rights**”), if any, that shares of Common Stock are entitled to receive and the certificates representing the Common Stock issued upon such conversion shall bear such legends, if any, in each case as may be provided by the terms of any shareholder rights agreement adopted by Southwest, as the same may be amended from time to time (in each case, a “**Rights Agreement**”). Provided that such Rights Agreement requires that each share of Common Stock issued upon conversion of Notes at any time prior to the distribution of separate certificates representing the Rights be entitled to receive such Rights, then, notwithstanding anything else to the contrary in this Article 14 there shall not be any adjustment to the conversion privilege or Stock Component Rate as a result of the issuance of Rights, but an adjustment to the Stock Component Rate shall be made pursuant to Section 14.05(d) (to the extent required thereby) upon the separation of the Rights from the Common Stock.

SECOND SUPPLEMENTAL INDENTURE

This Second Supplemental Indenture (this “**Supplemental Indenture**”), dated as of May 2, 2011, is entered into by and among AirTran Airways, Inc., a Delaware corporation (the “**Guarantor**”), Southwest Airlines Co., a Texas corporation (“**Southwest**”), AirTran Holdings, LLC, a Texas limited liability company (the “**Company**”), and Wilmington Trust Company, a Delaware banking corporation, as trustee hereunder (the “**Trustee**”). Capitalized terms used herein and not otherwise defined have the meanings set forth in the Indenture (as defined below).

WHEREAS, AirTran Holdings, Inc., a Nevada corporation (“**AirTran Holdings Inc**”), the Guarantor, and the Trustee are parties to an Indenture dated as of May 7, 2003 relating to the issuance of the 7% Convertible Notes due 2023 (the “**Base Indenture**”);

WHEREAS, AirTran Holdings Inc, the Guarantor, Southwest, and the Trustee entered into a First Supplemental Indenture dated as of May 2, 2011, which supplements the Base Indenture (the “**First Supplemental Indenture**” and, the Base Indenture as supplemented by the First Supplemental Indenture, the “**Indenture**”);

WHEREAS, AirTran Holdings Inc and the Company entered into the Agreement and Plan of Merger dated as of May 2, 2011, pursuant to which, at the effective time of the merger contemplated thereby, AirTran Holdings Inc was merged with and into the Company such that the separate corporate existence of AirTran Holdings ceased and the Company continued as the surviving corporation (the “**Merger**”);

WHEREAS, pursuant to Section 11.01 of the Indenture, subject to the provisions of Section 11.02 of the Indenture, nothing contained in the Indenture or in any of the Notes shall prevent the Merger; provided that upon the Merger, the due and punctual payment of the principal of and premium, if any, and interest on all of the Notes, according to their tenor and the due and punctual performance and observance of all of the covenants and conditions of the Indenture to be performed by AirTran Holdings Inc, shall be expressly assumed, by supplemental indenture satisfactory in form to the Trustee, executed and delivered to the Trustee by the Company;

WHEREAS, in accordance with Section 10.01 of the Base Indenture, the Company, the Guarantor, Southwest and the Trustee may amend or supplement the Indenture as provided in this Supplemental Indenture without the consent of the holders of the Notes; and

WHEREAS, each of the Guarantor, Southwest and the Company have duly authorized the execution and delivery of this Supplemental Indenture;

NOW, THEREFORE, the parties hereto covenant and agree for the equal and proportionate benefit of all Holders of the Notes, as follows:

ARTICLE I
DEFINITIONS

Section 1.01 Definitions. The definition of “Board of Directors” in Section 1.01 of the Indenture is hereby amended and restated in its entirety to read as follows:

“**Board of Directors**” means (i) if the Company is a corporation, the Board of Directors of the Company or a committee of such Board duly authorized to act for it hereunder, and (ii) if the Company is a limited liability company, the managers or members of the Company with whom management of the Company is vested in accordance with applicable law and the limited liability company agreement of the Company.

ARTICLE II
ASSUMPTION

Section 2.01 Assumption. The due and punctual payment of the principal of and premium, if any, and interest on all of the Notes, according to their tenor and the due and punctual performance and observance of all of the covenants and conditions of the Indenture to be performed by AirTran Holdings Inc, are hereby expressly assumed by the Company.

Section 2.02 Successor Substituted. In accordance with Section 11.02 of the Base Indenture, the Company hereby succeeds to and is substituted for AirTran Holdings Inc, with the same effect as if the Company had been named in the Indenture as AirTran Holdings Inc.

ARTICLE III
MISCELLANEOUS PROVISIONS

Section 3.01 Concerning the Trustee. The Trustee assumes no duties, responsibilities, or liabilities by reason of this Supplemental Indenture other than as set forth in the Indenture. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Company, the Guarantor and Southwest.

Section 3.02 Supplemental Indenture Controls. In the event of a conflict or inconsistency between the Indenture and this Supplemental Indenture, the provisions of this Supplemental Indenture shall control.

Section 3.03 Governing Law. This Supplemental Indenture shall be deemed to be a contract made under the laws of the State of New York, and for all purposes shall be construed in accordance with the laws of the State of New York, without regard to conflicts of laws principles thereof.

Section 3.04 Execution in Counterparts. This Supplemental 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 3.05 Confirmation of Indenture. Except as supplemented hereby, the Indenture is hereby ratified, confirmed and reaffirmed in all respects. The Indenture and this Supplemental Indenture shall be read, taken and construed as one and the same instrument.

Section 3.06 Headings. The titles and headings of the articles and sections of this Supplemental Indenture have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed.

AIRTRAN AIRWAYS, INC.

By: /s/ Laura Wright

Name: Laura Wright

Title: Senior Vice President & Chief Financial Officer

Signature Page to Second Supplemental Indenture

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed.

SOUTHWEST AIRLINES CO.

By: /s/ Laura Wright
Name: Laura Wright
Title: Senior Vice President Finance & Chief Financial Officer

Signature Page to Second Supplemental Indenture

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed.

AIRTRAN HOLDINGS, LLC

By: Southwest Airlines Co.,
its sole member

By: /s/ Laura Wright

Name: Laura Wright

Title: Senior Vice President Finance & Chief Financial Officer

Signature Page to Second Supplemental Indenture

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed.

WILMINGTON TRUST COMPANY,
as Trustee

By: /s/ Michael G. Oller, Jr.

Name: Michael G. Oller, Jr.

Title: Assistant Vice President

Signature Page to Second Supplemental Indenture

THIRD SUPPLEMENTAL INDENTURE

This Third Supplemental Indenture (this “**Supplemental Indenture**”), dated as of May 3, 2011, is entered into by and among Pedernales Debt Sub, LLC, a Texas limited liability company (the “**Company**”), AirTran Airways, Inc., a Delaware corporation (the “**Guarantor**”), Southwest Airlines Co., a Texas corporation (“**Southwest**”) and Wilmington Trust Company, a Delaware banking corporation, as trustee hereunder (the “**Trustee**”). Capitalized terms used herein and not otherwise defined have the meanings set forth in the Indenture (as defined below).

WHEREAS, AirTran Holdings, Inc., a Nevada corporation (“**AirTran Holdings Inc**”), the Guarantor, and the Trustee are parties to an Indenture dated as of May 7, 2003 relating to the issuance of the 7% Convertible Notes due 2023 (the “**Base Indenture**”);

WHEREAS, AirTran Holdings Inc, the Guarantor, Southwest and the Trustee entered into a First Supplemental Indenture dated as of May 2, 2011, which supplements the Base Indenture (the “**First Supplemental Indenture**”);

WHEREAS, AirTran Holdings, LLC, a Texas limited liability company (“**AirTran LLC**”), the Guarantor, Southwest and the Trustee entered into a Second Supplemental Indenture dated as of May 2, 2011, which supplements the Base Indenture and the First Supplemental Indenture (the “**Second Supplemental Indenture**” and, the Base Indenture as supplemented by the First Supplemental Indenture and the Second Supplemental Indenture, the “**Indenture**”);

WHEREAS, AirTran LLC, the Company and Pedernales Asset Sub, LLC, a Texas limited liability company (“**TX Asset Sub**”), entered into the Agreement and Plan of Merger dated as of May 3, 2011, pursuant to which, at the effective time of the merger contemplated thereby, AirTran LLC, the Company and TX Asset Sub merged with and into each other and as a result of the multi-survivor merger, the Company and AirTran LLC survived the merger with the Company being the obligor under the Indenture and the Notes (the “**Merger**”);

WHEREAS, pursuant to Section 11.01 of the Indenture, subject to the provisions of Section 11.02 of the Indenture, nothing contained in the Indenture or in any of the Notes shall prevent the Merger; provided that upon the Merger, the due and punctual payment of the principal of and premium, if any, and interest on all of the Notes, according to their tenor and the due and punctual performance and observance of all of the covenants and conditions of the Indenture to be performed by AirTran LLC, shall be expressly assumed, by supplemental indenture satisfactory in form to the Trustee, executed and delivered to the Trustee by the Company;

WHEREAS, in accordance with Section 10.01 of the Base Indenture, the Company, the Guarantor, Southwest and the Trustee may amend or supplement the Indenture as provided in this Supplemental Indenture without the consent of the holders of the Notes; and

WHEREAS, each of the Company, the Guarantor and Southwest have duly authorized the execution and delivery of this Supplemental Indenture.

NOW, THEREFORE, the parties hereto covenant and agree for the equal and proportionate benefit of all Holders of the Notes, as follows:

ARTICLE I
ASSUMPTION

Section 1.01 Assumption. The due and punctual payment of the principal of and premium, if any, and interest on all of the Notes, according to their tenor and the due and punctual performance and observance of all of the covenants and conditions of the Indenture to be performed by AirTran LLC, are hereby expressly assumed by the Company.

Section 1.02 Successor Substituted. In accordance with Section 11.02 of the Base Indenture, the Company hereby succeeds to and is substituted for AirTran LLC, with the same effect as if the Company had been named in the Indenture as AirTran LLC.

ARTICLE II
MISCELLANEOUS PROVISIONS

Section 2.01 Concerning the Trustee. The Trustee assumes no duties, responsibilities, or liabilities by reason of this Supplemental Indenture other than as set forth in the Indenture. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Company, the Guarantor and Southwest.

Section 2.02 Supplemental Indenture Controls. In the event of a conflict or inconsistency between the Indenture and this Supplemental Indenture, the provisions of this Supplemental Indenture shall control.

Section 2.03 Governing Law. This Supplemental Indenture shall be deemed to be a contract made under the laws of the State of New York, and for all purposes shall be construed in accordance with the laws of the State of New York, without regard to conflicts of laws principles thereof.

Section 2.04 Execution in Counterparts. This Supplemental 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 2.05 Confirmation of Indenture. Except as supplemented hereby, the Indenture is hereby ratified, confirmed, and reaffirmed in all respects. The Indenture and this Supplemental Indenture shall be read, taken, and construed as one and the same instrument.

Section 2.06 Headings. The titles and headings of the articles and sections of this Supplemental Indenture have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed.

AIRTRAN AIRWAYS, INC.

By: /s/ Laura Wright

Name: Laura Wright

Title: Senior Vice President & Chief Financial Officer

Signature Page to Third Supplemental Indenture

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed.

SOUTHWEST AIRLINES CO.

By: /s/ Laura Wright
Name: Laura Wright
Title: Senior Vice President Finance & Chief Financial Officer

Signature Page to Third Supplemental Indenture

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed.

PEDERNALES DEBT SUB, LLC

By: Southwest Airlines Co.,
its sole member

By: /s/ Laura Wright

Name: Laura Wright

Title: Senior Vice President Finance & Chief Financial Officer

Signature Page to Third Supplemental Indenture

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed.

WILMINGTON TRUST COMPANY,
as Trustee

By: /s/ Michael G. Oller, Jr.
Name: Michael G. Oller, Jr.
Title: Assistant Vice President

Signature Page to Third Supplemental Indenture

FOURTH SUPPLEMENTAL INDENTURE

This Fourth Supplemental Indenture (this “**Supplemental Indenture**”), dated as of May 3, 2011, is entered into by and among Southwest Airlines Co., a Texas corporation (“**Southwest**” or the “**Company**”), AirTran Airways, Inc., a Delaware corporation (the “**Guarantor**”), and Wilmington Trust Company, a Delaware banking corporation, as trustee hereunder (the “**Trustee**”). Capitalized terms used herein and not otherwise defined have the meanings set forth in the Indenture (as defined below).

WHEREAS, AirTran Holdings, Inc., a Nevada corporation (“**AirTran Holdings Inc**”), the Guarantor, and the Trustee are parties to an Indenture dated as of May 7, 2003 relating to the issuance of the 7% Convertible Notes due 2023 (the “**Base Indenture**”);

WHEREAS, AirTran Holdings Inc, the Guarantor, Southwest and the Trustee entered into a First Supplemental Indenture dated as of May 2, 2011, which supplements the Base Indenture (the “**First Supplemental Indenture**”);

WHEREAS, the Guarantor, Southwest, AirTran Holdings, LLC, a Texas limited liability company (“**AirTran LLC**”), and the Trustee entered into a Second Supplemental Indenture dated as of May 2, 2011, which supplements the Base Indenture and the First Supplemental Indenture (the “**Second Supplemental Indenture**”);

WHEREAS, the Guarantor, Southwest, Pedernales Debt Sub, LLC, a Texas limited liability company (“**TX Debt Sub**”), and the Trustee entered into a Third Supplemental Indenture dated as of May 3, 2011, which supplements the Base Indenture, the First Supplemental Indenture and the Second Supplemental Indenture (the “**Third Supplemental Indenture**” and, the Base Indenture as supplemented by the First Supplemental Indenture, the Second Supplemental Indenture and the Third Supplemental Indenture, the “**Indenture**”);

WHEREAS, Southwest and TX Debt Sub entered into the Agreement and Plan of Merger dated as of May 3, 2011, pursuant to which, at the effective time of the merger contemplated thereby, TX Debt Sub was merged with and into Southwest such that the separate corporate existence of TX Debt Sub ceased and Southwest continued as the surviving corporation (the “**Merger**”);

WHEREAS, pursuant to Section 11.01 of the Indenture, subject to the provisions of Section 11.02 of the Indenture, nothing contained in the Indenture or in any of the Notes shall prevent the Merger; provided that upon the Merger, the due and punctual payment of the principal of and premium, if any, and interest on all of the Notes, according to their tenor and the due and punctual performance and observance of all of the covenants and conditions of the Indenture to be performed by TX Debt Sub, shall be expressly assumed, by a supplemental indenture satisfactory in form to the Trustee, executed and delivered to the Trustee by Southwest;

WHEREAS, in accordance with Section 10.01 of the Base Indenture, the Company, the Guarantor and the Trustee may amend or supplement the Indenture as provided in this Supplemental Indenture without the consent of the holders of the Notes; and

WHEREAS, each of the Company and the Guarantor have duly authorized the execution and delivery of this Supplemental Indenture;

NOW, THEREFORE, the parties hereto covenant and agree for the equal and proportionate benefit of all Holders of the Notes, as follows:

ARTICLE I
ASSUMPTION

Section 1.01 Assumption. The due and punctual payment of the principal of and premium, if any, and interest on all of the Notes, according to their tenor and the due and punctual performance and observance of all of the covenants and conditions of the Indenture to be performed by TX Debt Sub, are hereby expressly assumed by the Company.

Section 1.02 Successor Substituted. In accordance with Section 11.02 of the Base Indenture, the Company hereby succeeds to and is substituted for TX Debt Sub, with the same effect as if the Company had been named in the Indenture as TX Debt Sub.

ARTICLE II
Definitions

Section 2.01 Definitions. Section 1.01 of the Base Indenture is hereby amended as follows:

(a) The definition of “Common Stock” and “Southwest” are hereby amended and restated in their entirety to read as one definition as follows:

“**Company**” and “**Southwest**” each mean Southwest Airlines Co., a Texas corporation, and, subject to the provisions of Article 11 and Section 14.06, shall include its successors and assigns. For all purposes of the Indenture, the Company means Southwest and Southwest means the Company, *mutatis mutandis*. Any reference to both Southwest and the Company shall hereafter mean only Southwest.

ARTICLE III
MISCELLANEOUS PROVISIONS

Section 3.01 Concerning the Trustee. The Trustee assumes no duties, responsibilities, or liabilities by reason of this Supplemental Indenture other than as set forth in the Indenture. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Guarantor and Southwest.

Section 3.02 Supplemental Indenture Controls. In the event of a conflict or inconsistency between the Indenture and this Supplemental Indenture, the provisions of this Supplemental Indenture shall control.

Section 3.03 Governing Law. This Supplemental Indenture shall be deemed to be a contract made under the laws of the State of New York, and for all purposes shall be construed in accordance with the laws of the State of New York, without regard to conflicts of laws principles thereof.

Section 3.04 Execution in Counterparts. This Supplemental 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 3.05 Confirmation of Indenture. Except as supplemented hereby, the Indenture is hereby ratified, confirmed, and reaffirmed in all respects. The Indenture and this Supplemental Indenture shall be read, taken, and construed as one and the same instrument.

Section 3.06 Headings. The titles and headings of the articles and sections of this Supplemental Indenture have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed.

AIRTRAN AIRWAYS, INC.

By: /s/ Laura Wright

Name: Laura Wright

Title: Senior Vice President & Chief Financial Officer

Signature Page to Fourth Supplemental Indenture

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed.

SOUTHWEST AIRLINES CO.

By: /s/ Laura Wright
Name: Laura Wright
Title: Senior Vice President Finance & Chief Financial Officer

Signature Page to Fourth Supplemental Indenture

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed.

WILMINGTON TRUST COMPANY,
as Trustee

By: /s/ Michael G. Oller, Jr.

Name: Michael G. Oller, Jr.

Title: Assistant Vice President

Signature Page to Fourth Supplemental Indenture

Southwest Airlines Closes Acquisition of AirTran Holdings, Inc.

DALLAS, TEXAS - May 2, 2011 – Southwest Airlines [NYSE:LUV] announced today that it has closed on its purchase of all of the outstanding common stock of AirTran Holdings, Inc. [NYSE:AAI], the former parent company of AirTran Airways (AirTran).

“The successful closing of this transaction is a significant accomplishment and marks a great day in the history of Southwest Airlines. I want to thank the People from both Southwest and AirTran who helped us achieve this important milestone,” said Gary Kelly, CEO, Chairman, and President of Southwest Airlines. “Our first order of business is to welcome our new friends from AirTran to the family in a truly Southwest Airlines way.

“The acquisition of AirTran represents a unique opportunity to extend our network into key markets we don’t yet serve, such as Atlanta and Washington, D.C., via Ronald Reagan National Airport. It gives us the opportunity to serve more than 100 million Customers annually from more than 100 different airports in the U.S. and near-international destinations, providing Customers more low-fare destinations as we diversify and expand the well-known ‘Southwest Effect’ to hundreds of additional low-fare itineraries for the traveling public. Today, we also celebrate the promise of expanding our presence at New York LaGuardia, Boston Logan, Milwaukee, and Baltimore/Washington, as well as extending our service to many smaller domestic cities that we don’t serve today, with access to key near-international leisure markets in the Caribbean and Mexico,” Kelly said.

“The timing of today’s closing in the current market environment could not be more important,” he continued. “With soaring fuel costs putting many airlines, yet again, in the red, Southwest brings many strengths to bear. Southwest not only brings profitability and financial strength to make this deal feasible, but it also positions the combined companies with an industry-leading investment grade balance sheet to weather the energy-price storm. In addition, it currently positions Southwest to offer improved job security, compensation, and benefits to AirTran Crew Members who join the Southwest family. Further, Southwest’s profitability and financial strength, along with the United States’ largest Low Fare network, puts AirTran Crew Members in a position to be part of a growing company again, once AirTran is integrated into Southwest.”

Transaction Information

Based on the average of Southwest Airlines’ closing prices for the 20 trading days ending three trading days prior to May 2, 2011, of \$11.90, the transaction values AirTran common stock at approximately \$7.57 per share, or \$1.0 billion in the aggregate, excluding shares issuable upon conversion of AirTran’s outstanding convertible notes*. Each share of AirTran common stock will be exchanged for \$3.75 in cash and 0.321 shares of Southwest Airlines’ common stock. Assuming no conversion of AirTran’s outstanding convertible notes*, AirTran stockholders will receive 44 million shares of Southwest Airlines common stock, which will represent 5.6 percent of the Southwest Airlines common shares outstanding. Additionally, they will receive cash of \$517 million. Including the existing AirTran net indebtedness (including outstanding convertible notes) and capitalized aircraft operating leases, the total transaction value is \$3.2 billion.

The transaction, including the anticipated benefit of net synergies, but excluding the impact of one-time acquisition and integration costs, is expected to be accretive to Southwest Airlines pro forma fully-diluted earnings per share in the first twelve months after today's close and strongly accretive upon full realization of net synergies. Net annual synergies are estimated to exceed \$400 million by 2013. One-time costs related to the acquisition and integration of AirTran are currently estimated to be approximately \$500 million.

AirTran revenues and operating income for the twelve months ending December 31, 2010, were \$2.6 billion and \$128 million, respectively. Southwest Airlines revenues and operating income for the twelve months ending December 31, 2010, were \$12.1 billion and \$988 million, respectively. As of March 31, 2011, the combined unrestricted cash and short-term investments of the two companies was approximately \$5.0 billion. Southwest's funding for the transaction will be from its cash on hand. In addition, Southwest Airlines has a fully available, unsecured revolving credit facility of \$800 million.

Southwest Airlines is committed to keeping all stakeholders updated on the progress of the integration process and intends to provide an update, in that regard, in conjunction with its second quarter earnings announcement, currently scheduled for August 4, 2011.

Leadership

Bob Jordan, Southwest's Executive Vice President of Strategy and Planning, will serve as President of AirTran effective today. Bob Fornaro, who has served as Chairman, President, and CEO at AirTran, will move to a new key role today as a full-time consultant for the integration of the two airlines, working closely with Kelly and Jordan to ensure a smooth transition. As previously announced, Southwest Airlines' headquarters will remain in Dallas, with plans for AirTran's operations and presence in both Orlando and Atlanta still under review. Additional announcements during the integration will be made as plans unfold.

Jordan will continue to serve on the joint Integration Board consisting of Kelly, Fornaro, Mike Van de Ven (Southwest Executive Vice President & Chief Operating Officer), Loral Blinde (AirTran Senior Vice President Human Resources and Administration), and Jeff Lamb (Southwest Senior Vice President of Administration & Chief People Officer). The Integration Board will continue to provide overall direction of the integration efforts.

Until a Single Operating Certificate (SOC) is secured from the Federal Aviation Administration, AirTran operational Departments will continue operating under the AirTran operating certificate with the full authority of its operating teams led by Klaus Goersch, AirTran's Executive Vice President Operations and Customer Service. Goersch will report directly to Jordan, and will work closely with Mike Van de Ven. The remainder of the leadership structure will be communicated at a future date.

Customer Experience

Southwest and AirTran will immediately begin the work to integrate AirTran into Southwest Airlines. However, AirTran will continue to operate under the AirTran brand with its same policies, procedures, and product features for a period of time. Southwest plans to integrate AirTran into Southwest Airlines over time by transitioning the AirTran fleet to the Southwest

Airlines livery, developing a consistent Customer Experience, and transitioning the operations of the two carriers onto a Single Operating Certificate. Southwest currently expects it will obtain a SOC in the first quarter of 2012 and estimates it will take several years to fully transition AirTran into Southwest Airlines to become one airline.

In the near term, Customers can expect to interact with each carrier as they always have. Customers flying on AirTran will continue to make reservations or check in at airtran.com or by calling 800-247-8726, and visit AirTran kiosks and ticket counters. AirTran Crew Members (employees) will assist on scheduled AirTran flights. Customers flying on Southwest will continue to make reservations or check in at southwest.com or by calling 800-435-9792, or at Southwest kiosks and ticket counters. Southwest Employees will assist on scheduled Southwest flights. Customers will continue to earn and redeem through the respective frequent flier loyalty programs, as they do today, until those programs are combined over time.

Southwest plans to provide the ability for Customers to connect across the networks and integrate key Customer Service policies for a more consistent Customer Experience, in the fall or early next year, depending on both companies' readiness. Any changes to the Customer Experience on either carrier will be communicated in advance via southwest.com, airtran.com, and in direct Customer communications.

Celebrating our Employees

"Today's closing is an important first step to fulfilling our mission to spread low fares farther and increase competition throughout the airline industry," Kelly said. "Our progress, to date, on integration planning has been outstanding. Without our Employees' hard work and enthusiasm about this acquisition, we would not have reached this point. As we now take it to the next level and begin to implement our integration plan, their continued efforts will be key to our success. I have confidence in our People and their ability to successfully execute these plans."

Kelly, Jordan, Fornaro, and leaders from both airlines today will host celebratory events in all mainland locations for both Southwest and AirTran. Following the closing, the three executives departed Southwest's Dallas headquarters for Atlanta, AirTran's largest Crew Member (employee) location, onboard an AirTran jet. The team will host an afternoon event for Employees at AirTran's maintenance hangar there. The event will be webcast live for Employees and watched in such locations as Baltimore/Washington, Milwaukee, and Orlando, where the carriers each have a significant presence.

Live Webcast

Southwest and AirTran will provide a multimedia, live stream webcast of the day's events in Dallas and Atlanta, as well as other video material featuring Southwest Leaders and Employees of both carriers, at <http://www.ustream.tv/channel/southwest-airlines-headquarters>. The material will be archived and available to view later on the same site.

Additional photos, videos, fact sheets, and other resources are available at lowfaresfarther.com and at Southwest's digital newsroom, swamedia.com.

For Frequently Asked Questions, please visit <http://www.lowfaresfarther.com/frequently-asked-questions>.

About Southwest Airlines

In its 40th year of service, Southwest Airlines continues to differentiate itself from other low-fare carriers—offering a reliable product with exemplary Customer Service. Southwest Airlines is the nation's largest carrier in terms of originating domestic passengers boarded, now serving 72 cities in 37 states with the addition of service to Newark Liberty International Airport on March 27, 2011. Southwest also is one of the most honored airlines in the world known for its commitment to the triple bottom line of Performance, People, and Planet. To read more about how Southwest is doing its part to be a good citizen, visit southwest.com/cares to read the Southwest Airlines One Report™. Based in Dallas, Southwest currently operates more than 3,400 flights a day and has more than 35,000 Employees systemwide.

About AirTran Airways

AirTran Airways is a wholly owned subsidiary of Southwest Airlines Co. and has been ranked the top airline in the Airline Quality Rating study twice in the past four years. AirTran is the only major airline with Gogo Inflight Internet on every flight and offers coast-to-coast service on North America's newest all-Boeing fleet. AirTran's low-cost, high-quality product also includes assigned seating, Business Class and complimentary SiriusXM Satellite Radio on every flight. To book a flight, visit airtran.com.

*Pursuant to the terms of the indentures governing AirTran's 5.50% Convertible Senior Notes Due 2015 and 5.25% Convertible Senior Notes Due 2016, holders of such notes may surrender their notes for conversion at any time during the applicable make-whole conversion period. That period began on April 11, 2011 and ends on date that will be publicly announced in a Notice to be sent to each Holder within 15 business days after today. In addition, pursuant to the terms of the indenture governing AirTran's 7.0% Convertible Notes Due 2023, holders of such notes may surrender their notes for conversion at any time during the period that began on April 17, 2011 and ends on May 18, 2011. Including shares issuable upon conversion of AirTran's outstanding convertible notes, AirTran stockholders will receive 57 million shares of Southwest Airlines common stock, which will represent 7.1 percent of the Southwest Airlines common shares outstanding. Based on AirTran's common shares outstanding and assuming conversion of AirTran's outstanding convertible notes, AirTran stockholders will also receive \$671 million in cash.

Cautionary Statement Regarding Forward-Looking Statements

This news release contains forward-looking statements related to Southwest's acquisition of AirTran Holdings, Inc. Specific forward-looking statements include without limitation statements related to Southwest's integration plans and the anticipated impact of the acquisition on (i) the future operations of Southwest Airlines and AirTran Airways; (ii) Southwest's growth opportunities; (iii) the Southwest and AirTran Customer experience, offerings, and benefits; (iv) Southwest's results of operations, including expected synergies and the projected earnings impact of the acquisition; and (v) employee matters. These forward-looking statements are based on Southwest's current intent, beliefs, expectations, and projections and are not guarantees of future performance. These statements involve risks, uncertainties, assumptions, and other factors that are difficult to predict and that could cause actual results to vary materially from those expressed in or indicated by them. Factors include, among others, (i) Southwest's ability to

successfully integrate AirTran's business and realize the expected synergies from the acquisition; (ii) the impact of fuel prices and economic conditions on Southwest's business plans and strategies; (iii) the impact of the economy on demand for air travel and fluctuations in consumer demand generally for the services to be provided as a result of the acquisition; (iv) actions of competitors, including without limitation pricing, scheduling, and capacity decisions, and consolidation and alliance activities; (v) the impact of governmental regulations on Southwest's operations; and (vi) other factors, as described in Southwest's filings with the Securities and Exchange Commission, including the detailed factors discussed under the heading "Risk Factors" in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2010.