

SOUTHWEST AIRLINES CO.
AUDIT COMMITTEE CHARTER

The Audit Committee of the Board of Directors of Southwest Airlines Co. is responsible for the appointment, compensation, retention, and oversight of the work of the Company's independent auditors. The Committee shall assist the Board of Directors in oversight of (1) the integrity of Southwest's financial statements, (2) Southwest's compliance with legal and regulatory requirements, (3) the independent auditor's qualification and independence, and (4) the performance of Southwest's internal audit function and independent auditors. The Committee shall perform the following functions:

1. Review with independent auditors the scope and results of their audits, the audit procedures utilized, including any restrictions on their work, cooperation received, and their findings and recommendations. Engage the independent auditors to review financial information included in the Company's Quarterly Reports on Form 10-Q, prior to the filing of such report with the Securities and Exchange Commission.
2. Review with the independent auditors and management the Company's financial reporting, and accounting and disclosure principles, policies and practices; alternative treatments within generally accepted accounting principles for material items discussed with management, including the ramifications of such alternatives and the treatment preferred by the auditors; and other written communications between the auditor and management that are material to the financial statements. The Committee shall discuss generally the Company's annual audited financial statements and quarterly financial statements with management and the independent auditor, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," as well as the Company's earnings press releases and financial information and earnings guidance provided to analysts and rating agencies.
3. Discuss the Company's major financial risk exposures and its policies with respect to risk assessment and risk management;
4. Review with the independent auditors and the Company's internal auditor the adequacy of the Company's accounting, financial and internal operating controls, including those designed to insure that Company payments and other transactions are properly made and recorded in compliance with all applicable statutes and regulations, including the Foreign Corrupt Practices Act of 1977.

5. Review with the independent auditors and management the independent auditors' fees for audit services. Preapprove all services provided by the independent auditors in accordance with the policy attached as Exhibit A; from time to time delegate authority to one or more members of the Committee to preapprove services between committee meetings as set forth in the policy.
6. Determine appropriate funding by the Company for payment of:
 - (1) Compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the listed issuer;
 - (2) Compensation to any independent counsel or other advisers employed by the Committee, as the Committee determines necessary to carry out its duties as set forth in this Charter and by law or regulation of the NYSE;
 - (3) Ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.
7. Establish and maintain procedures for the receipt, retention, and treatment of complaints regarding accounting, internal accounting controls, or auditing matters and the confidential, anonymous submission by Employees of concerns regarding questionable accounting or auditing matters. Set clear policies for the hiring of employees or former employees of the independent auditors.
8. Consider the possible effect of non-audit related services performed by the independent auditors, on the independence of said independent auditors. Receive an annual written report from the independent auditors regarding the following:
 - (1) the firm's internal quality-control procedures;
 - (2) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm and any steps taken to deal with any such issues; and
 - (3) (to assess independence) all relationships between the independent auditor and Southwest.

Upon receipt of this report, the Committee shall evaluate the auditor's qualifications, performance and independence, including a review and evaluation of the lead partner of the independent auditor. In making this evaluation, the Committee shall consider the opinions of management and the Director of Internal Audit. The Committee's findings shall be reported to the Board of Directors.

9. Meet five times a year in regular meetings, and additional meetings that may be deemed appropriate by the Chairman of the Audit Committee or the Board of Directors; meet separately, periodically, with management, with internal auditors, and with independent auditors.
10. Perform such additional functions as may from time to time be assigned to the Committee by the Board of Directors.
11. Review and reassess the performance of this Committee and the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
12. Prepare the report required by the rules of the Securities and Exchange Commission to be included in the Company's annual proxy statement, in which the Committee will state whether:
 - (1) the Audit Committee has reviewed and discussed the audited financial statements with management;
 - (2) the Audit Committee has discussed with the independent auditors the matters required to be discussed by SAS 61 (relating to the conduct of the audit);
 - (3) the Audit Committee has received the written disclosures and the letter from the independent auditors required by ISB Standard No.1 and has discussed with the auditors the auditors' independence; and
 - (4) based upon the review and discussions described above, it recommended to the Board of Directors that the financial statements be included in the Annual Report on Form 10-K.

The members of the Audit Committee shall meet the independence and experience requirements of the New York Stock Exchange and applicable federal law.

As adopted by the Board of Directors on November 20, 2003.

Southwest Airlines Co.
Audit and Non-Audit Services Preapproval Policy
Adopted March 20, 2003

I. Purpose

Under the Sarbanes-Oxley Act of 2002 (the “Act”) and the rules of the Securities and Exchange Commission (the “SEC”), the Audit Committee of the Board of Directors is responsible for the appointment, compensation, and oversight of the work of the independent auditor. The Audit Committee is required to pre-approve the audit and non-audit services performed by the independent auditor in order to assure that they do not impair the auditor’s independence from the Company. Accordingly, the Audit Committee has adopted, and the Board of Directors of Southwest Airlines Co. (the “Company” or “Southwest”) has ratified, this Audit and Non-Audit Services Preapproval Policy (the “Policy”), which sets forth the procedures and the conditions pursuant to which services proposed to be performed by the independent auditor may be preapproved.

The SEC’s rules provide that proposed services may be preapproved without consideration of specific case-by-case services by the Audit Committee (“general preapproval”) or may require the specific preapproval of the Audit Committee (“specific preapproval”). The Audit Committee believes that the combination of these two approaches in this Policy will result in an effective and efficient procedure to pre-approve services performed by the independent auditor. Accordingly, unless a type of service has received general preapproval, it will require specific preapproval by the Audit Committee if it is to be provided by the independent auditor. Any proposed services exceeding preapproved cost levels or budgeted amounts will also require specific preapproval by the Audit Committee.

For each preapproval, the Audit Committee will consider whether the services are consistent with the SEC’s rules on auditor independence. The Audit Committee will also consider whether the independent auditor is best positioned to provide the most effective and efficient service, for reasons such as its familiarity with the Company’s business, people, culture, accounting systems, risk profile and other factors, and whether the service might enhance the Company’s ability to manage or control risk or improve audit quality. All such factors will be considered as a whole, and no one factor will necessarily be determinative.

The independent auditor has reviewed this Policy and believes that implementation of the policy will not adversely affect the auditor’s independence.

II. Delegation

The Act and the SEC's rules permit the Audit Committee to delegate preapproval authority to one or more of its members. The member to whom such authority is delegated must report, for informational purposes only, any preapproval decisions to the Audit Committee at its next scheduled meeting.

III. Audit Services

The annual Audit services engagement terms and fees will be subject to the specific preapproval of the Audit Committee. The Audit Committee will monitor the Audit services engagement as necessary, but no less than on a quarterly basis, and will also approve, if necessary, any changes in terms, conditions and fees.

In addition to the annual Audit services engagement approved by the Audit Committee, the Audit Committee may grant preapproval to other Audit services, which are those services that only the independent auditor reasonably can provide. Other Audit services may include services associated with SEC registration statements or other documents issued in connection with securities offerings.

IV. Audit-related Services

Audit-related services are assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements or that are traditionally performed by the independent auditor. Because the Audit Committee believes that the provision of Audit-related services does not impair the independence of the auditor and is consistent with the SEC's rules on auditor independence, the Audit Committee may grant general preapproval to Audit-related services. Audit-related services include, among others, due diligence services pertaining to potential business acquisitions/dispositions; accounting consultations related to accounting, financial reporting or disclosure matters not classified as "Audit services"; assistance with understanding and implementing new accounting and financial reporting guidance from rulemaking authorities; financial audits of Employee benefit plans; agreed-upon or expanded audit procedures related to accounting and/or billing records required to respond to or comply with financial, accounting or regulatory reporting matters; and assistance with internal control reporting requirements.

V. Tax Services

The Audit Committee believes that the independent auditor can provide Tax services to the Company such as tax compliance, tax planning and tax advice without impairing the auditor's independence, and the SEC has stated that the independent auditor may provide such services. The Audit Committee believes it may grant general preapproval to those Tax services that have historically been provided by the auditor, that the Audit Committee has reviewed and believes would not impair the independence of the auditor, and that are

consistent with the SEC's rules on auditor independence. The Audit Committee will not permit the retention of the independent auditor in connection with a transaction initially recommended by the independent auditor, the sole business purpose of which may be tax avoidance and the tax treatment of which may not be supported in the Internal Revenue Code and related regulations. The Audit Committee will consult with the Chief Financial Officer or Vice President - Finance to determine that the tax planning and reporting positions are consistent with this policy.

The Audit Committee must preapprove tax services to be provided by the independent auditor to any Executive Officer or Director of the Company, in his or her individual capacity, where such services are paid for by the Company.

VI. All Other Services

The Audit Committee believes, based on the SEC's rules prohibiting the independent auditor from providing specific non-audit services, that other types of non-audit services are permitted. Accordingly, the Audit Committee believes it may grant general preapproval to those permissible non-audit services classified as All Other services that it believes are routine and recurring services, would not impair the independence of the auditor, and are consistent with the SEC's rules on auditor independence.

A list of the SEC's prohibited non-audit services is attached to this policy as Exhibit 1. The SEC's rules and relevant guidance should be consulted to determine the precise definitions of these services and the applicability of exceptions to certain of the prohibitions.

VII. Preapproval Fee Levels or Budgeted Amounts

Preapproval fee levels for all services to be provided by the independent auditor will be established by the Audit Committee. Any proposed services exceeding these levels or amounts will require specific preapproval by the Audit Committee. The Audit Committee is mindful of the overall relationship of fees for audit and non-audit services in determining whether to pre-approve any such services.

VIII. Procedures

All requests or applications for services to be provided by the independent auditor that do not require specific approval by the Audit Committee will be submitted to the Chief Financial Officer or Vice President - Finance and must include a detailed description of the services to be rendered. The Vice President - Finance will determine whether such services are included within the list of services that have received the general preapproval of the Audit Committee. The Audit Committee will be informed on a timely basis of any such services rendered by the independent auditor.

Requests or applications to provide services that require specific approval by the Audit Committee will be submitted to the Audit Committee by both the independent auditor and the Vice President - Finance and must include a joint statement as to whether, in their view, the request or application is consistent with the SEC's rules on auditor independence.

Exhibit 1
Prohibited Non-Audit Services

- Bookkeeping or other services related to the accounting records or financial statements of the audit client
- Financial information systems design and implementation
- Appraisal or valuation services, fairness opinions or contribution-in-kind reports
- Actuarial services
- Internal audit outsourcing services
- Management functions
- Human resources
- Broker-dealer, investment adviser or investment banking services
- Legal services
- Expert services unrelated to the audit