

SOUTHWEST AIRLINES CO.  
COMPENSATION COMMITTEE CHARTER

The Compensation Committee of the Board of Directors of Southwest Airlines Co. shall be composed entirely of independent Directors and shall perform the following functions:

1. Review and approve corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of those goals and objectives, and determine and approve the CEO's compensation level based on this evaluation. In determining the long-term incentive component of CEO compensation, the Committee will consider the Company's performance and relative shareholder return, the value of similar incentive awards to CEOs at comparable companies, and the awards given to Southwest's CEO in past years.
2. Review and approve all stock-based compensation arrangements for Employees of the Company.
3. With the advice of the Chairman of the Board and CEO, conduct an annual review of the compensation of senior executives.
4. Retain and terminate any compensation consultant to be used to assist in the evaluation of Chairman, CEO, or President compensation.
5. Produce an annual report on executive compensation for inclusion in the Company's proxy statement.
6. Meet once a year in regular meetings, and additional meetings that may be deemed appropriate by the Board of Directors, or the Committee.
7. Perform such additional functions as may from time to time be assigned to the Committee by the Board of Directors.
8. Review and reassess the performance of the Committee and the adequacy of this Charter annually and recommend any proposed changes to the Board for approval. The Committee shall be appointed by the Board of Directors at its annual meeting each year.

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

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