

TO OUR SHAREHOLDERS:

While 1973 was the year in which Southwest Airlines turned the corner by eliminating the heavy losses reported during the 1971-72 period, 1974 was the year that Southwest took off with net income of \$2,140,610 after tax-loss carry-forward credits. This net income was equivalent to \$1.93 per outstanding share, as compared to \$.16 during 1973 and a loss of \$1.50 during 1972.

Revenues

Revenues increased 61% to \$14.85 million as a result of a 40% increase in passengers carried; a 14% higher average fare principally due to the price wars which raged during 1973; and a 152% increase in our package express business.

Expenses

Expenses increased 41% to \$12.7 million, equivalent to a 21% increase in the unit cost per trip flown, but less than a 1% increase in the unit cost per passenger carried, as a result of a 20% increase in the average passenger load factor experienced during 1974 over 1973.

Far and away the largest contributing factor to the operating cost increase was the price of jet fuel which went from an average of \$90 per trip flown in 1973 to \$166 in 1974, up 84%. At current level of fuel costs, these costs in 1975 will average \$216 per flight, up 141% from 1973. If new federal taxes and import duties are applied to crude oil as presently proposed, our 1975 costs for jet fuel could well exceed three times the cost of fuel in 1973.

The remainder of our operating cost increases was due principally to the operation of 1,763 more trips than in 1973 at a direct cash cost of some \$384 per trip and the carrying of 216,314 more passengers at a direct added cost per passenger handled of approximately \$2.90.

Ownership costs increased \$359,000, or 13%, due to (1) the addition of a fourth new Boeing

737-200 aircraft to our fleet in September and (2) the substantial increase in the cost of borrowed funds caused by the historically high prime interest rates experienced during 1974.

Working Capital/Cash Flow

At year end, Southwest had a small working capital deficit, but its sizable cash flow during 1974 permitted the company to (1) prepay \$1.41 million of our long-term debt; (2) make progress payments to The Boeing Company totalling \$1.66 million in connection with our fourth Boeing 737-200 delivered in September and our fifth Boeing 737-200 aircraft to be delivered in October, 1975; and (3) purchase \$.98 million of other support and ground equipment to serve our customers more efficiently.

Convenient Airports

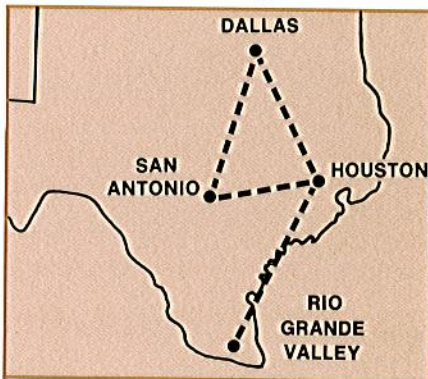
Throughout 1974 Southwest continued to offer all its services from convenient, close-in airports. Our right to the continued use of Love Field in Dallas was enhanced by a ruling of the Fifth Circuit Court of Appeals upholding an earlier favorable decision by a Federal District Court and the denial of a further appeal by the United States Supreme Court. Nevertheless, controversy still rages in the City Halls of Dallas and Fort Worth and the legislative halls in Austin.

At Hobby Airport in Houston, Southwest opened in early December new facilities in the east wing of the terminal including two new jetway-equipped lounges said to be the finest in America. The im-

proved facilities were built and equipped by Southwest at a cost of approximately \$517,000, of which \$243,000 has been classified on the balance sheet as pre-paid rentals to be amortized over future periods.

Rio Grande Valley Route Extension

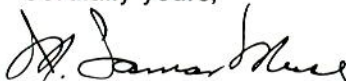
A certificate of Public Convenience and Necessity was issued to Southwest by the Texas Aeronautics Commission on February 6, 1975, authorizing the Company to extend its service beyond its original three-city system to the Rio Grande Valley area of Texas, to be served through the centrally located Harlingen Airport. Our initial service began on February 11, 1975, and consists of four round-trips daily from Dallas' Love Field to the Harlingen Airport with an intermediate stop at Houston's Hobby Airport where connections with San Antonio flights are made.

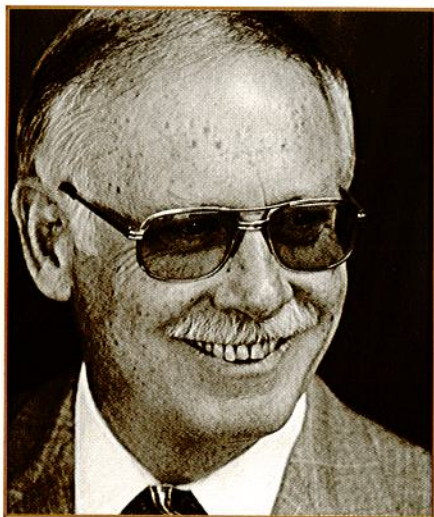


The enthusiastic reception and subsequent response to this new intrastate air service for the fastest growing area of Texas enhances the prospect of successful and profitable operations under this new route authority.

Our 1975 goals will be to maintain and strengthen our dominant position in the markets we presently serve; to vastly expand business and pleasure travel in the Rio Grande Valley market with our innovative low fare services; and to continue during 1975 the very favorable net income and cash flow margins experienced in 1974.

Cordially yours,


M. Lamar Muse
President and
Chief Executive Officer



DESCRIPTION OF BUSINESS

Southwest Airlines Co. is a Texas intrastate airline which flies scheduled airline service between Houston, Dallas, San Antonio and Harlingen, Texas.

The Company operates under a Certificate of Public Convenience and Necessity granted by the Texas Aeronautics Commission. As an intrastate airline, the Company does not solicit or carry interstate passengers or the United States mail. Average flying time between the cities noted above is approximately 50 minutes.

The Company offers single class service only.

The Company operates four Boeing 737-200 Jet Aircraft and has contracted to purchase another

Boeing Model 737-2H4 for delivery in 1975.

On June 18, 1971, the Company began scheduled service with three Boeing 737-200 Aircraft. The initial schedule consisted of 12 round-trips daily between Dallas Love Field and Houston Intercontinental Airport and 6 round-trips between Dallas and San Antonio. The schedules with the Harlingen service added on February 11, 1975 consists of 12 round-trips between Dallas Love Field and Houston Hobby, 6 round-trips between Dallas Love Field and San Antonio, 3 round-trips between Houston Hobby and San Antonio and 4 round-trips between Houston Hobby and Harlingen.

The Company employs a staff of approximately 323 employees as follows:

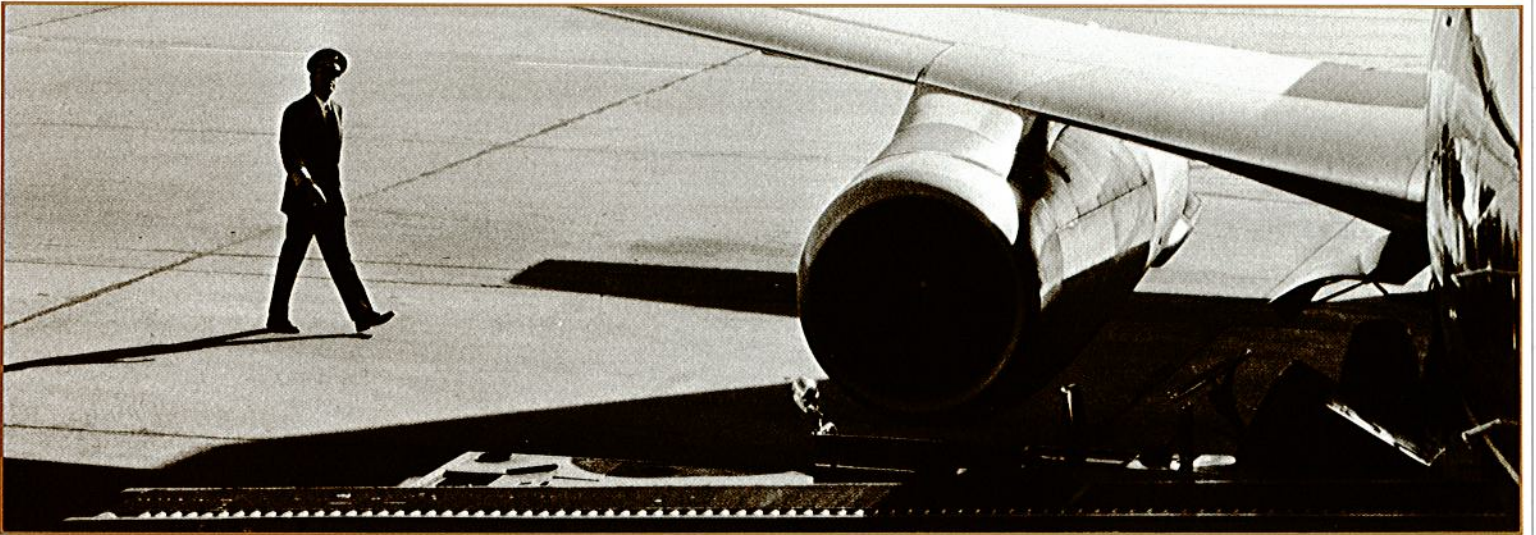
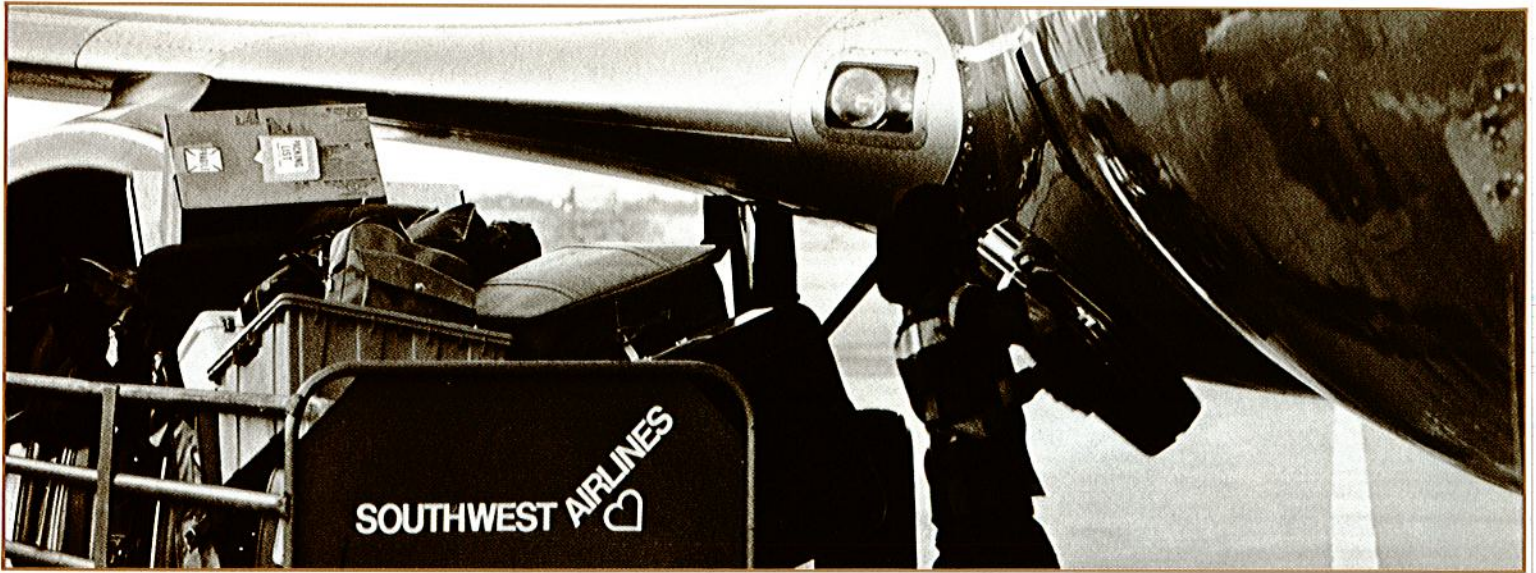
Maintenance personnel	34
Flight personnel	30
Hostesses	51
Station and Reservations	143
Management, Accounting and Marketing personnel	65
	<u>323</u>

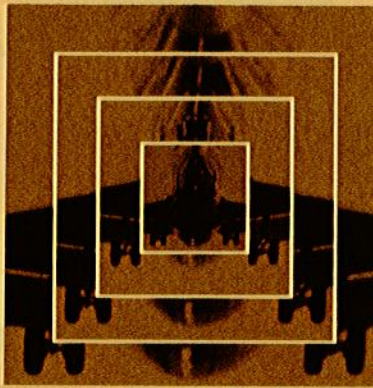
On February 6, 1975, the Texas Aeronautics Commission awarded a Certificate of Public Convenience and Necessity for direct flights from Houston, Dallas and San Antonio to Harlingen Municipal Airport. The Company inaugurated service on this route on February 11, 1975.





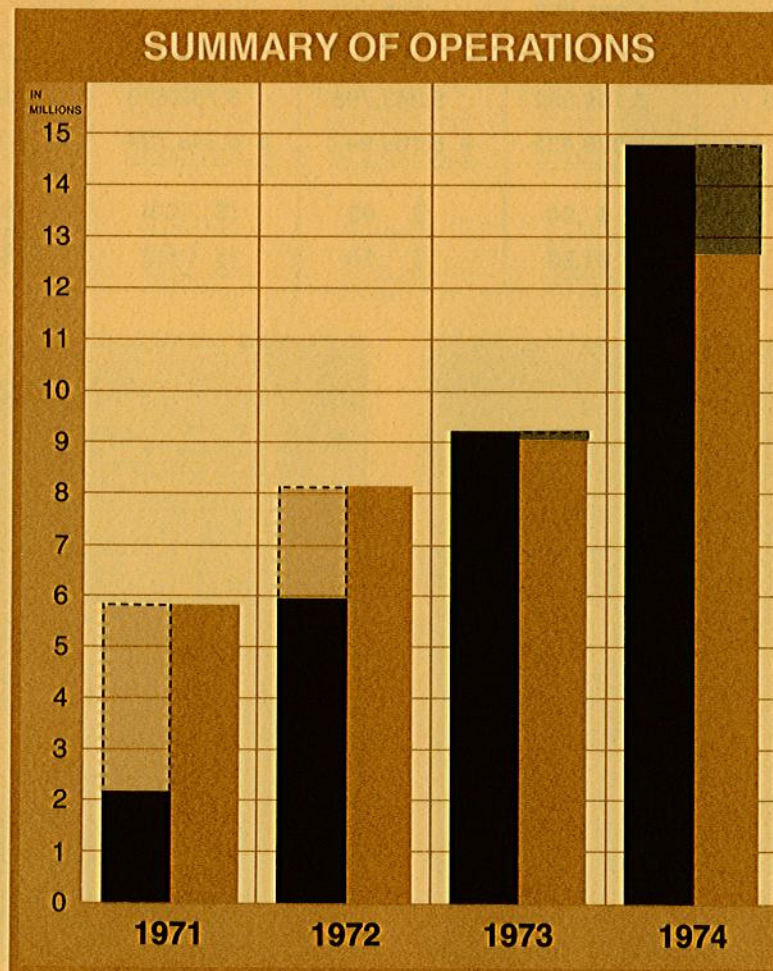






HIGHLIGHTS SINCE INCEPTION

	Year Ended December 31			
	1974	1973	1972	1971
Passengers carried	759,721	543,407	308,999	108,554
Total revenue	\$14,852,243	\$ 9,208,841	\$ 5,994,463	\$ 2,129,524
Net income (Loss)	2,140,610	174,756	(1,591,175)	(3,752,623)
Net income (Loss) per share	\$ 1.93	\$.16	(\$ 1.50)	(\$ 3.54)

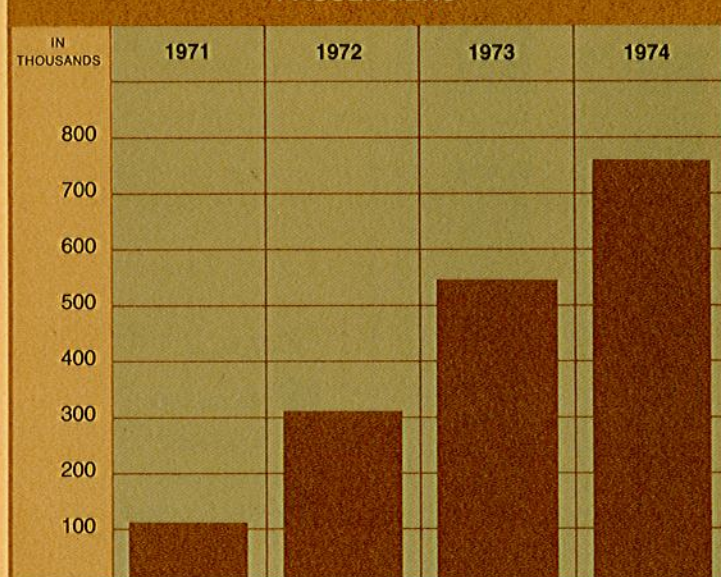


SUPPLEMENTAL FINANCIAL DATA

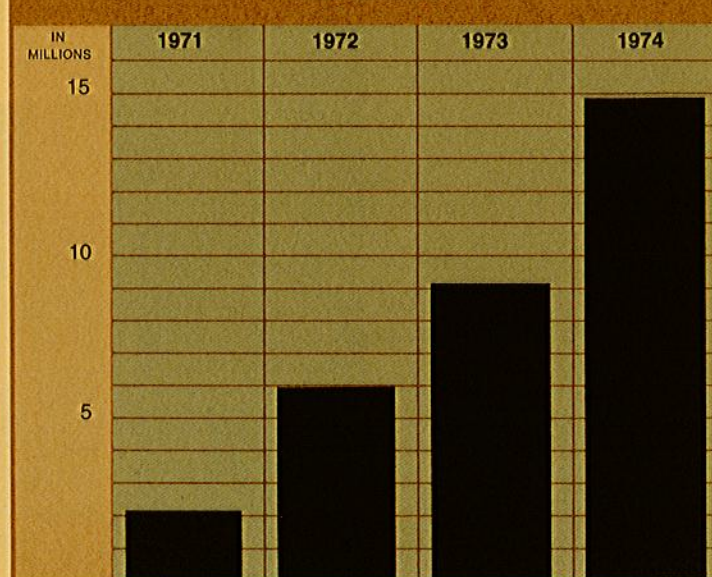
SUMMARY OF OPERATIONS SINCE INCEPTION

	Year Ended December 31,			6/18/71 (date started)	Pre-Operating Costs thru
	1974	1973	1972	12/31/71	6/17/71
Revenues:					
Passenger	\$14,312,868	\$ 8,996,360	\$ 5,804,484	\$ 2,011,847	\$ —
Package express	478,575	189,777	107,433	13,405	—
Interest	36,954	13,525	82,244	104,159	—
Other	23,846	9,179	302	113	—
	<u>14,852,243</u>	<u>9,208,841</u>	<u>5,994,463</u>	<u>2,129,524</u>	<u>—</u>
Expenses:					
Operations & maintenance ..	6,832,875	4,513,455	3,777,465	2,222,518	362,341
Marketing and promotion ..	1,141,673	793,570	896,197	527,023	290,617
Insurance, taxes and administration	1,811,211	1,306,670	1,236,464	607,117	386,717
Depreciation & amortization ..	1,568,697	1,343,715	1,337,382	826,383	—
Cost of borrowed funds	1,357,177	1,076,675	870,766	659,431	—
	<u>12,711,633</u>	<u>9,034,085</u>	<u>8,118,274</u>	<u>4,842,472</u>	<u>1,039,675</u>
Income (loss) before federal income tax and extraordinary item	2,140,610	174,756	(2,123,811)	(2,712,948)	(1,039,675)
Provision for federal income tax	1,095,257	121,756	—	—	—
Income (loss) before extraordinary item	1,045,353	53,000	(2,123,811)	(2,712,948)	(1,039,675)
Gain on sale of flt. eq.	—	—	532,636	—	—
Reduction of federal income tax arising from carryforward of prior years' operating losses	1,095,257	121,756	—	—	—
Net income — (loss)	2,140,610	174,756	(1,591,175)	(2,712,948)	(1,039,675)
Deficit at beginning of period ..	5,169,042	5,343,798	3,752,623	1,039,675	—
Deficit at end of year	<u>\$ 3,028,432</u>	<u>\$ 5,169,042</u>	<u>\$ 5,343,798</u>	<u>\$ 3,752,623</u>	<u>\$ 1,039,675</u>
Income (loss) per share before extraordinary item	<u>\$.94</u>	<u>\$.05</u>	<u>(\$ 2.00)</u>	<u>(\$ 2.56)</u>	<u>—</u>
Net income (loss)	<u>\$1.93</u>	<u>\$.16</u>	<u>(\$ 1.50)</u>	<u>(\$ 2.56)</u>	<u>(\$.98)</u>

PASSENGERS



REVENUES



SUPPLEMENTAL FINANCIAL DATA

QUARTERLY SUMMARY (IN THOUSANDS)

	1974				1973			
	Revenues	Expenses	Net Income (Loss)	Per. Sh. Income (Loss)	Revenues	Expenses	Net Income (Loss)	Per Sh. Income (Loss)
First Quarter	\$ 3,352	\$ 2,747	\$ 605	\$.55	\$1,980	\$2,156	(\$176)	(\$.16)
Second Quarter	3,563	2,832	731	.66	2,411	2,228	183	.16
Third Quarter	3,752	3,150	602	.54	2,340	2,335	5	—
Fourth Quarter	4,185	3,983	202	.18	2,478	2,315	163	.16
Year ended Dec. 31	\$14,852	\$12,712	\$2,140	\$1.93	\$9,209	\$9,034	175	\$.16

COMMON STOCK PRICE RANGE (IN DOLLARS)

	1974		1973	
	High	Low	High	Low
First Quarter	5 ⁷ / ₈	2 ⁷ / ₈	4 ¹ / ₂	2 ⁵ / ₈
Second Quarter	5 ¹ / ₄	3 ³ / ₄	4 ⁵ / ₈	3
Third Quarter	4 ⁵ / ₈	3 ¹ / ₄	5	2 ³ / ₄
Fourth Quarter	4 ⁷ / ₈	3	4 ³ / ₄	2 ¹ / ₂

The Common Stock of the Company is traded over-the-counter. As of its fiscal year ended 12-31-74 the Company had paid no dividends on its Common Stock.

STATISTICAL SUMMARY SINCE INCEPTION

	Year Ended December 31,			6/18/71 (date started)
	1974	1973	1972	12/31/71
Number of flights	12,382	10,619	10,576	6,051
Number of passengers	759,721	543,407	308,999	108,554
Average passenger per flight	61.4	51.2	29.2	17.9
Average revenue per flight	\$ 1,199.50	\$ 867.20	\$ 566.80	\$ 351.93
Average cost per flight	\$ 1,026.62	\$ 850.75	\$ 767.61	\$ 800.28
Average revenue per passenger	\$ 19.55	\$ 16.95	\$ 19.40	\$ 19.62
Average cost per passenger	\$ 16.73	\$ 16.62	\$ 26.27	\$ 44.61
Average gallons fuel per trip	745	791	772	816
Average cost of fuel per trip	\$ 165.86	\$ 90.67	\$ 86.42	\$ 86.16
Average number of employees	284	215	187	182
Number of employees at end of year	323	238	183	195

STATEMENT OF INCOME AND DEFICIT

	Year Ended December 31,	
	1974	1973
REVENUES		
Passenger	\$14,312,868	\$ 8,996,360
Package express	478,575	189,777
Interest	36,954	13,525
Other	23,846	9,179
	<u>14,852,243</u>	<u>9,208,841</u>
EXPENSES		
Operations and maintenance (Note 1)	6,832,875	4,513,455
Marketing and promotion	1,141,673	793,570
Insurance, taxes and administrative	1,811,211	1,306,670
Depreciation and amortization (Note 1)	1,568,697	1,343,715
Cost of borrowed funds (Note 3)	1,357,177	1,076,675
	<u>12,711,633</u>	<u>9,034,085</u>
Income before federal income tax and extraordinary item	2,140,610	174,756
Provision for federal income tax (Note 7)	1,095,257	121,756
Income before extraordinary item	1,045,353	53,000
Reduction of federal income tax arising from carryforward of prior years' operating losses	1,095,257	121,756
NET INCOME	\$ 2,140,610	\$ 174,756
<hr/>		
DEFICIT AT BEGINNING OF YEAR	5,169,042	5,343,798
DEFICIT AT END OF YEAR	<u>\$ 3,028,432</u>	<u>\$ 5,169,042</u>
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INCOME PER SHARE OF COMMON STOCK		
(based on weighted average shares outstanding):		
Before extraordinary item	\$.94	\$.05
Net income	<u>\$1.93</u>	<u>\$.16</u>

See accompanying notes.

STATEMENT OF FINANCIAL POSITION

	December 31,	
	1974	1973
CURRENT ASSETS		
Cash	\$ 886,221	\$ 759,821
Accounts receivable	890,343	608,764
Inventories of parts and supplies, at cost	183,619	160,283
Other	184,135	104,488
TOTAL CURRENT ASSETS	2,144,318	1,633,356
CURRENT LIABILITIES		
Accounts payable	474,792	223,472
Accrued liabilities	781,315	307,371
Current maturities of long-term debt (Note 3)	940,000	600,000
TOTAL CURRENT LIABILITIES	2,196,107	1,130,843
WORKING CAPITAL (DEFICIT)	(51,789)	502,513
Flight and ground equipment, at cost, less reserves (Notes 1, 2, and 3)	15,929,151	11,979,389
Deferred charges (Note 1)	492,176	413,870
TOTAL ASSETS LESS CURRENT LIABILITIES	16,369,538	12,895,772
Long-term debt less current maturities (Note 3)	12,197,423	10,855,451
Deferred compensation — officer (Note 5)	100,444	38,500
NET ASSETS	\$ 4,071,671	\$ 2,001,821
STOCKHOLDERS' EQUITY (Note 4)		
Common stock, \$1.00 par value, 2,000,000 shares authorized, 1,108,758 issued	\$ 1,108,758	\$ 1,108,758
Capital in excess of par value	6,062,105	6,062,105
Deficit	(3,028,432)	(5,169,042)
	4,142,431	2,001,821
Less 14,400 shares of treasury stock, at cost	70,760	—
TOTAL STOCKHOLDERS' EQUITY	\$ 4,071,671	\$ 2,001,821

See accompanying notes.

STATEMENT OF CHANGES IN FINANCIAL POSITION

	Year Ended December 31,	
	1974	1973
FINANCIAL RESOURCES WERE PROVIDED BY:		
Income before extraordinary item	\$ 1,045,353	\$ 53,000
Items not affecting working capital in the current period:		
Depreciation and reserve for maintenance	1,676,770	1,510,336
Amortization of certification and Love Field costs	228,088	106,027
Deferred Compensation — officer	61,944	38,500
Working capital provided from operations for the period, exclusive of extraordinary item	3,012,155	1,707,863
Issuance of long-term debt	3,695,669	139,852
Reduction of federal income tax arising from carryforward of prior years' operating losses	1,095,257	121,756
Proceeds from sale and exchange of flight equipment	708,500	—
	<u>8,511,581</u>	<u>1,969,471</u>
FINANCIAL RESOURCES WERE USED FOR:		
Additions to flight and ground equipment	6,335,032	831,742
Reduction of long-term debt	2,353,697	—
Additions to deferred charges	306,394	148,802
Purchase of treasury stock	70,760	—
	<u>9,065,883</u>	<u>980,544</u>
INCREASE (DECREASE) IN WORKING CAPITAL	<u>\$ (554,302)</u>	<u>\$ 988,927</u>

CHANGES IN WORKING CAPITAL

INCREASE (DECREASE) IN CURRENT ASSETS:

Cash	\$ 126,400	\$ 625,982
Certificate of deposit	—	(1,250,000)
Accounts receivable	281,579	215,686
Inventories	23,336	6,162
Other	79,647	28,863
	<u>510,962</u>	<u>(373,307)</u>

INCREASE (DECREASE) IN CURRENT LIABILITIES:

Notes payable	—	(950,000)
Accounts payable	251,320	98,582
Accrued liabilities	473,944	115,641
Current maturities of long-term debt	340,000	(626,457)
	<u>1,065,264</u>	<u>(1,362,234)</u>

INCREASE (DECREASE) IN WORKING CAPITAL	<u>\$ (554,302)</u>	<u>\$ 988,927</u>
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See accompanying notes.

Auditor's Report

January 31, 1975

The Board of Directors and Stockholders, Southwest Airlines Co.

We have examined the accompanying statement of financial position of Southwest Airlines Co. at December 31, 1974, and the related statements of income and deficit and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted

auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We have previously made a similar examination of the financial statements for the prior year.

In our opinion, the statements mentioned above present fairly the financial position of Southwest Airlines Co. at December 31, 1974 and

1973 and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis during the period.

Arthur Young & Company

Arthur Young & Company
4800 One Shell Plaza
Houston, Texas 77002

NOTES TO FINANCIAL STATEMENTS

December 31, 1974 and 1973

1. Summary of significant accounting policies

Basis of presentation — Certain 1973 amounts have been reclassified in the accompanying financial statements to conform to the 1974 presentation.

Depreciation and overhaul allowances — Depreciation is provided by the straight-line method over the estimated useful lives of the various classes of depreciable assets after allowing for residual values. The estimated useful lives are 12 to 15 years for the Boeing 737-200 aircraft, related spare engines and flight equipment, 5 years for support transport vehicles and equipment and 10 years for ground equipment.

The Company is providing for future major maintenance and overhaul to be performed on its aircraft by accruing a reserve for airworthiness during the current year of \$100 (\$95 in 1973) for each flight hour. The Company charges against this reserve its actual expenditures for certain aircraft maintenance materials and outside repair costs. A net reserve for future major maintenance has been accumulated in the amount of \$1,399,401 at December 31, 1974. Routine aircraft maintenance inspections are charged to expense as incurred.

Deferred charges — Deferred certification costs are being amortized on a straight-line basis over a five-year period ending June 30, 1976. Deferred legal expenses pertaining to the Company's continued operations at Dallas' Love Field are being amortized on a straight-line basis over two years ending December 31, 1975. Prepaid rent is being amortized principally on a straight-line basis over 10 years. Deferred charges at

December 31 are summarized as follows:

	1974	1973
Certification costs	\$159,041	\$265,068
Love Field case costs	122,061	148,802
Prepaid rent	211,074	—
	<u>\$492,176</u>	<u>\$413,870</u>

2. Property and equipment

The Company's investment in flight and ground equipment at December 31 is summarized as follows:

	1974	1973
Boeing 737-200 jet aircraft	\$16,128,976	\$12,409,772
Progress payments on additional aircraft	775,291	701,333
Support flight equipment	2,689,928	2,447,728
Ground equipment	927,838	450,101
	<u>20,522,033</u>	<u>16,008,934</u>
Less reserve for depreciation and maintenance	4,592,882	4,029,545
	<u>\$15,929,151</u>	<u>\$11,979,389</u>

In September 1974, the Company exchanged a Boeing 737-200 aircraft equipped with a cargo door for an older Boeing 737-200 aircraft not so equipped plus \$700,000. No gain or loss was recognized on the exchange.

3. Long-term debt

At December 31, 1974, the Company owed Boeing Financial Corporation, under the terms of Conditional Purchase Agreements, \$13,137,423 in connection with purchases of four Boeing 737-200 aircraft together with spare en-

gines, parts, and support and test equipment. Debt service payments, including interest, are \$2,400,000 in 1975 and 1976, respectively. The Agreements provide that any balance due at the end of the regularly scheduled payment dates (1977) shall be paid in full at that time. Interest on the unpaid balance of such debt is accrued at a rate equivalent to 1½% above the base commercial rate at a specified bank.

During 1974, the Company entered into an agreement with The Boeing Company to purchase a 737-200 aircraft (to be delivered in October 1975) at a cost of \$5,814,683. In compliance with the terms of the agreement, the Company, at December 31, 1974, has made advance payments totaling \$775,291 with additional payments of \$484,557 payable on January 2, 1975 and April 1, 1975, respectively. Pursuant to the above agreement, Boeing has agreed to a subordinated participation in financing the purchase price of the aircraft in the amount of \$1,000,000 at a rate equivalent to 2½% above the base commercial rate at a specified bank. This debt shall be repaid over the same term as, and concurrently and proportionately with, any bank loan for the balance of the aircraft financing, not to exceed eight years. No bank financing has yet been arranged.

4. Stockholders' equity

The Company has 115,000 shares of its common stock reserved for issuance on exercise of warrants at \$6.05 per share and 10,000 shares reserved for issuance on exercise of warrants at \$4.00 per share on or before March 10, 1976 and 1978, respectively.

Certain officers and directors (or associates thereof) of the Company have waived their rights to participate in dividends and distributions of assets with respect to an aggregate of 235,000 outstanding shares of common stock and 15,000 shares of common stock issuable on the exercise of warrants until the Commissioner of Corporations of the State of California shall by order eliminate the requirement for such waiver.

5. Deferred compensation

Under a deferred compensation agreement with the President of the Company adopted by the Board of Directors on October 29, 1974, the Company is obligated to accrue for the benefit of the President, in addition to his regular salary, deferred compensation of \$250,000 over the five year term of his current agreement ending September 30, 1979, or five percent of the net pretax earnings of the Company (as defined by the agreement) for the period October 1, 1974 through September 30, 1979, whichever is lower. During 1974, \$10,904 was accrued and charged to operations in connection with this agreement.

Deferred compensation amounting to \$88,000 has been accrued (\$49,500 in 1974) under a prior agreement which expired September 30, 1974, and will be paid at a rate not to exceed \$30,000 per year, commencing in the year following termination of the President's employment with the Company. Until such time as this deferred compensation is paid, the Company will accrue interest at the rate of 7% compounded annually on the unpaid balance beginning October 1, 1974.

6. Employee profit sharing plan

Under a noncontributory employee profit sharing plan adopted by the Company in 1973, each regular Company employee on January 1, 1973, became eligible to become

a Member as of such date. Other regular employees are eligible to become Members as of January 1 following their date of employment.

The plan provides that the Company may contribute, as determined by the Board of Directors, up to 15% of its adjusted pretax income (as defined in the plan) in excess of \$1,150,000 for the year except that the Company contribution in any year shall not exceed the maximum amount deductible for federal income tax purposes for such year. The Company has accrued and will contribute \$174,818 to the plan for 1974. No contribution was made for the year 1973. All contributions will be invested by the Trustee of the plan in common stock of Southwest Airlines Co. The plan may be terminated at any time at the discretion of the Company's Board of Directors.

7. Federal income tax

At December 31, 1974, the Company had an unused net operating loss carryforward for financial statement purposes of approximately \$2,576,000 from losses sustained in 1971 and 1972 and which is approximately \$892,000 in excess of that allowable for federal income tax purposes. This difference is primarily attributable to provisions made for future maintenance and overhaul costs, which are not deductible for income tax purposes until actually incurred and depreciation deductions taken for income tax purposes in excess of those recorded in the accounts. In addition, the Company has unused investment tax credit carryovers of approximately \$889,000 at December 31, 1974, which expire in the years 1978 through 1981, if not previously realized.

The provisions for federal income tax varies from the amount computed by multiplying income before federal income tax by the

statutory federal income tax rate (48%) due primarily to the amortization of deferred certification costs, which costs are not deductible for federal income tax purposes.

8. Contingencies

The cities of Dallas and Fort Worth and the Regional Airport Board filed suit in 1973 to evict the Company from Love Field upon the opening of the D/FW Regional Airport. The United States District Court for the Northern District of Texas decided that the Company has the right to remain at Love Field as long as Love Field continues to operate as a public airport. The plaintiff's sought to overturn this decision by an appeal to the Fifth Circuit Court of Appeals. The Fifth Circuit Court of Appeals upheld the earlier decision by the lower court and the plaintiffs then appealed this decision to the United States Supreme Court. On December 16, 1974, the Supreme Court declined to review the decision of the Fifth Circuit Court of Appeals and on January 27, 1975, the Supreme Court refused to reconsider its decision not to review the lower court order permitting the Company to continue using Love Field.

There is other related litigation pending or threatened against the Company which the management and its legal counsel expect to successfully defend. In the event of any unexpected adverse decision in this matter, no present financial liability is indicated, however, the effect on future operations is not predictable at this time.







Directors

Sidney A. Adger

*Vice President
Milchem, Inc.
Houston, Texas*

Todd Alexander

*Retired Investment Banker
Berkeley Heights, New Jersey*

A. A. Bradford

*Investor
Midland, Texas*

Herbert D. Kelleher

*Attorney
Oppenheimer, Rosenberg,
Kelleher & Wheatley, Inc.
San Antonio, Texas*

Rollin W. King

*Executive Vice President—
Operations
Southwest Airlines Co.
Dallas, Texas*

M. Lamar Muse

*President
Southwest Airlines Co.
Dallas, Texas*

Officers

M. Lamar Muse

President

Rollin W. King

*Executive Vice President—
Operations*

Jess R. Coker

Vice President — Marketing

William W. Franklin

Vice President — Ground Operations

J. L. Herring

Vice President — Inflight Service

Donald G. Ogden

*Vice President — Flight
Operations*

John A. Vidal

*Vice President — Maintenance
& Engineering*

Herman H. Farr

Treasurer

Herbert D. Kelleher

Secretary & General Counsel

Carole Ann Brown

Assistant Secretary

Transfer Agent and Registrar

First National Bank in Dallas
Dallas, Texas

Auditors

Arthur Young & Company
Houston, Texas

Annual Meeting

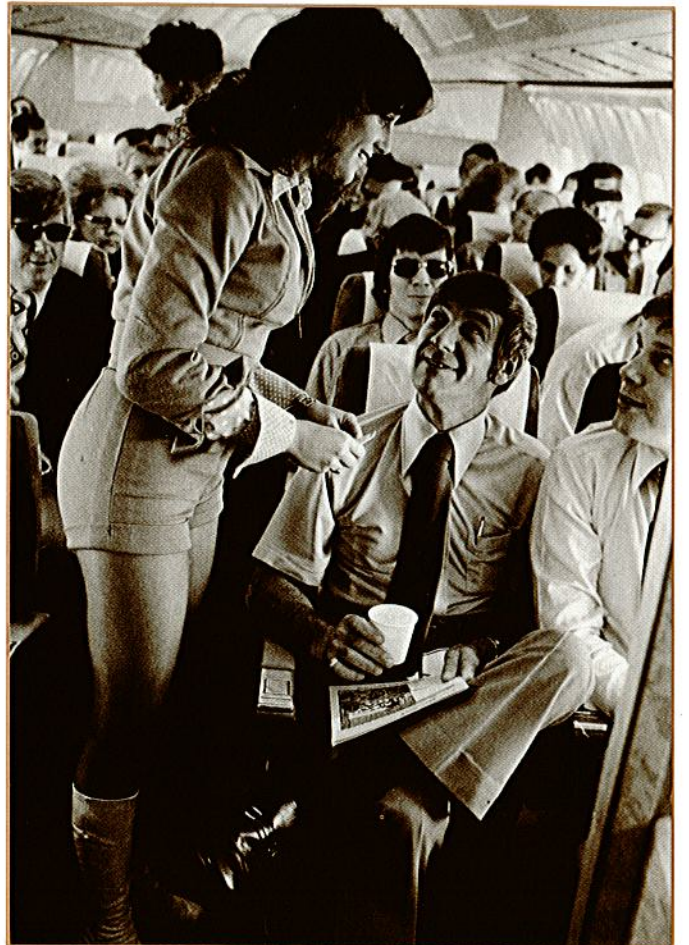
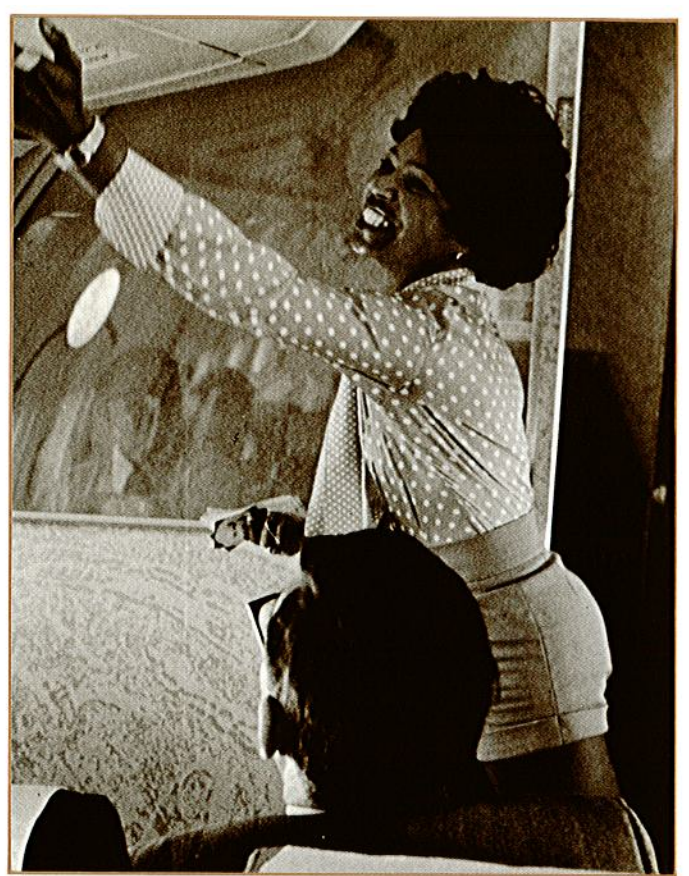
The Annual Meeting of Shareholders of Southwest Airlines Co. will be held at 10:00 a.m. on Tuesday, April 29, 1975, in the Auditorium of the Mercantile National Bank located on its fourth floor at 1704 Main Street, Dallas, Texas.

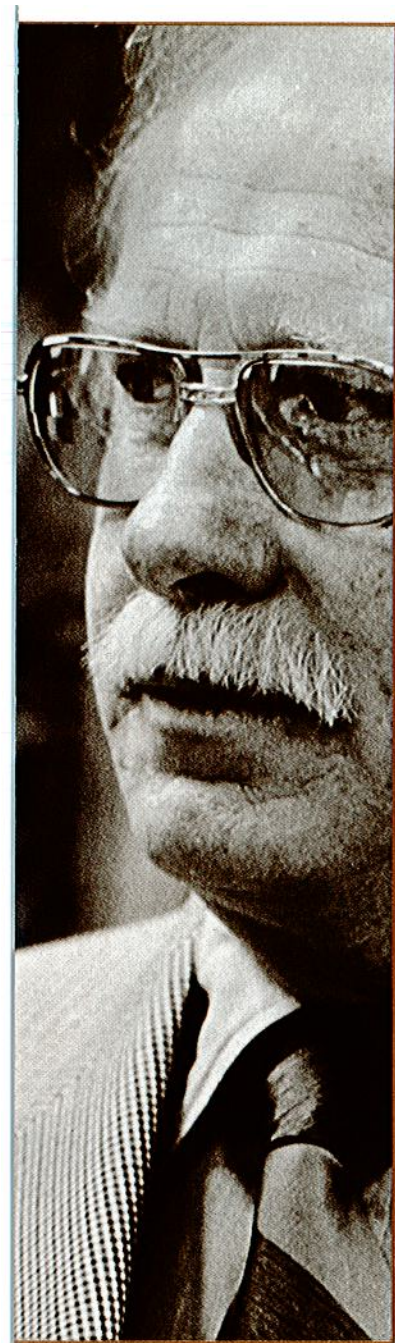
SEC Form 10-K

For additional information, see Statement of Income covering the four year period since start of operation filed with the Securities and Exchange Commission as part of Annual Report Form 10-K. A copy of this report is available upon written request to the Treasurer of the Company.

General Offices

1820 Regal Row
Dallas, Texas 75235

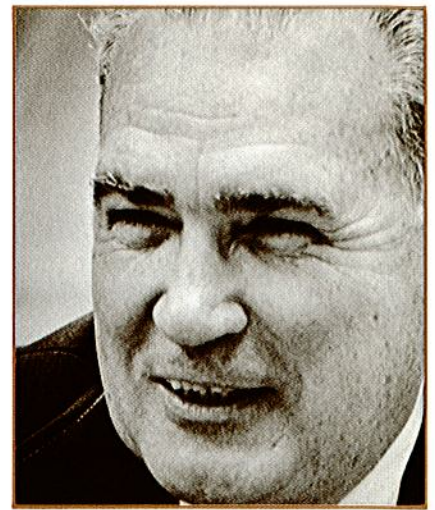




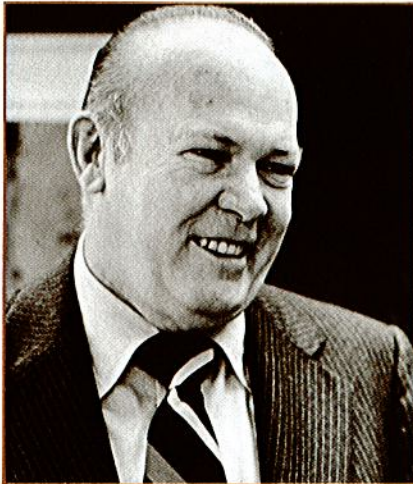
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King



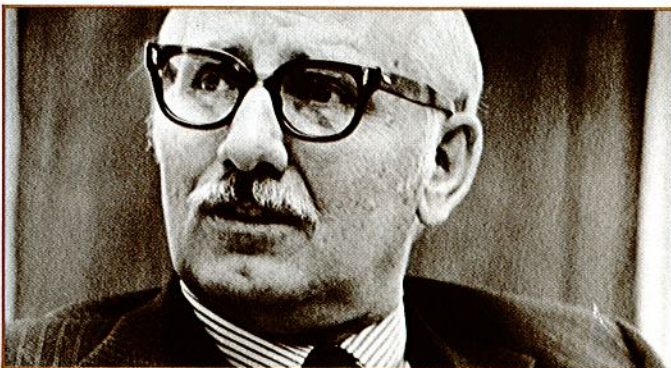
Vidal



Herring



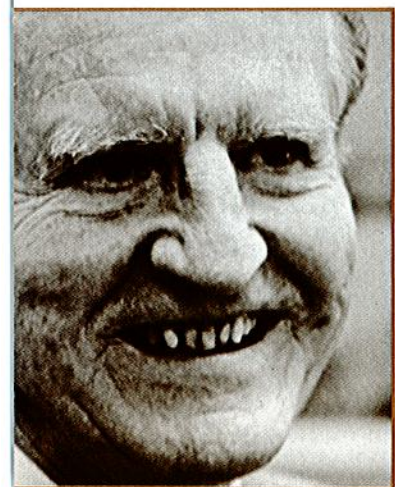
Coker



Franklin



Brown



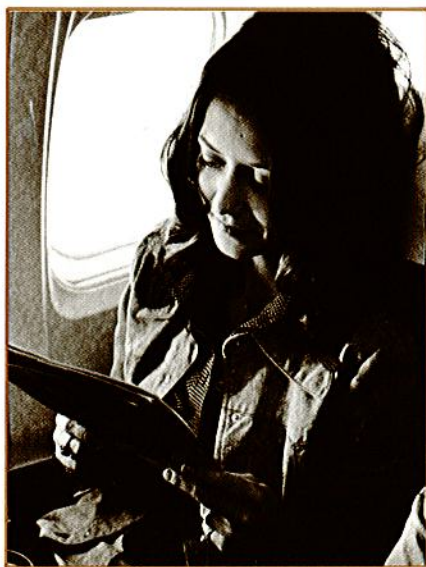
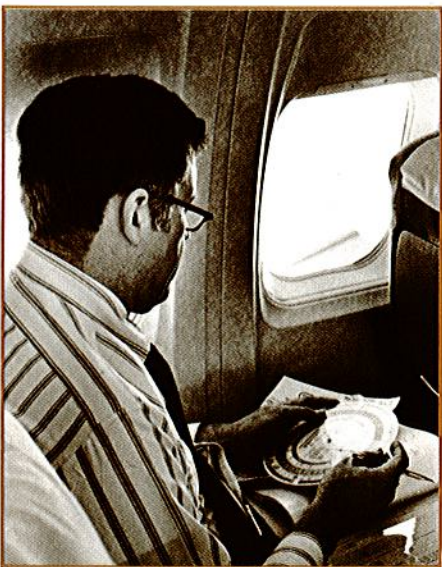
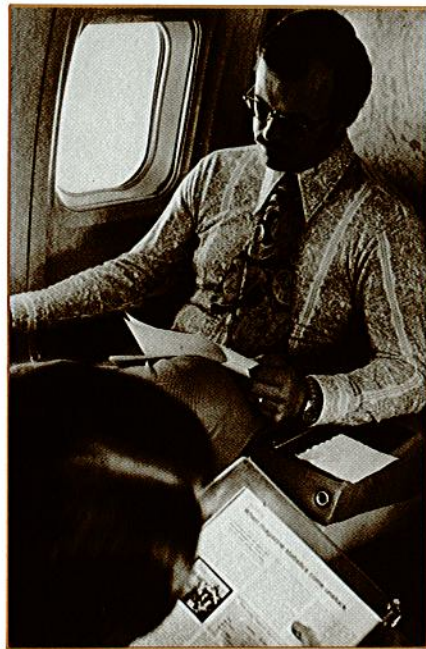
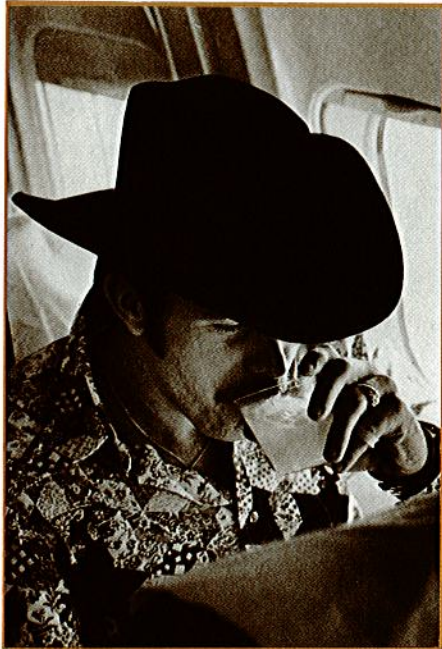
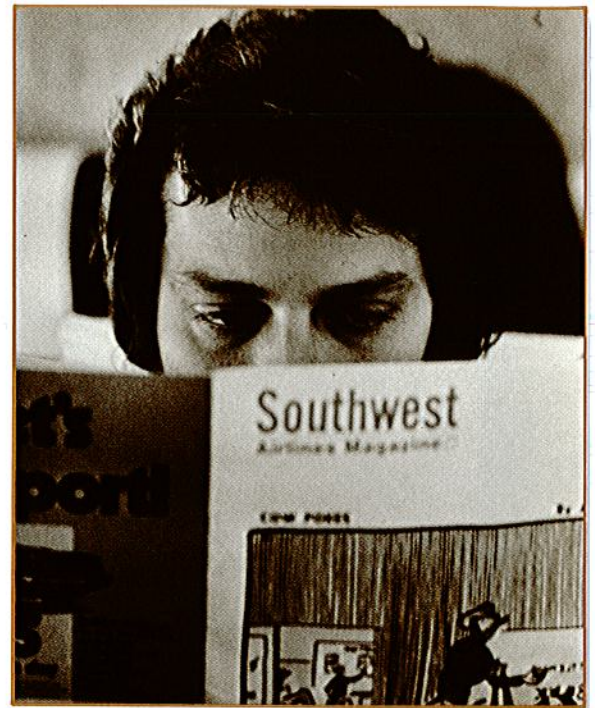
Ogden



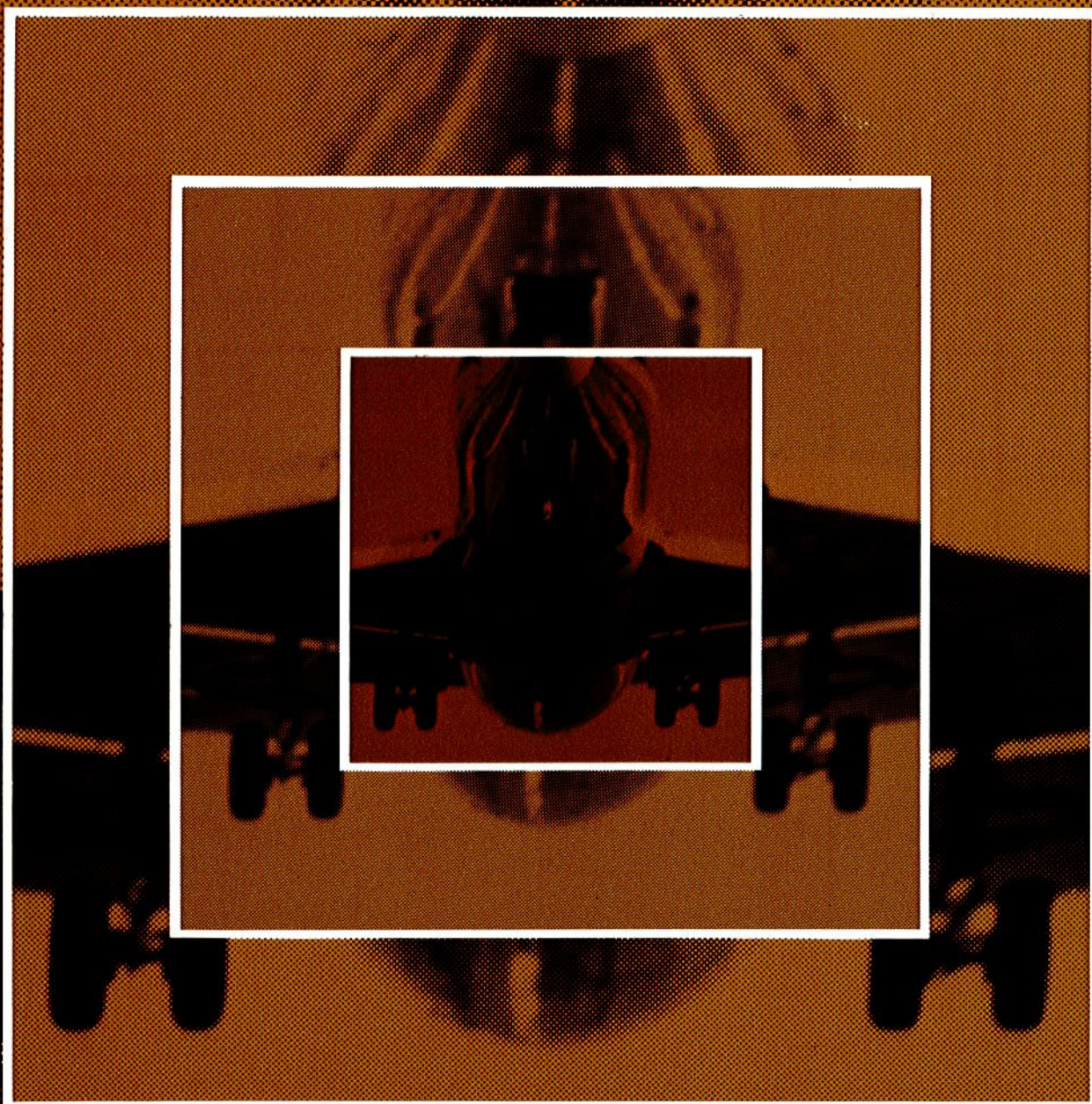
Kelleher



Farr







SOUTHWEST **AIRLINES** 
1820 Regal Row
Dallas, Texas 75235