

# SECURITIES AND EXCHANGE COMMISSION

## FORM 8-K

Current report filing

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### FILER

#### **AIRTRAN HOLDINGS INC**

CIK: **948846** | IRS No.: **582189551** | State of Incorpor.: **NV** | Fiscal Year End: **1231**  
Type: **8-K** | Act: **34** | File No.: **001-15991** | Film No.: **11801691**  
SIC: **4512** Air transportation, scheduled

Mailing Address  
9955 AIRTRAN BLVD  
ORLANDO FL 32827

Business Address  
9955 AIRTRAN BLVD  
ORLANDO FL 32827  
4073185600

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

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**FORM 8-K**

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**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**



**AirTran Holdings, Inc.**

(Exact name of registrant as specified in its charter)

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State of Incorporation: Nevada

Commission file number: 1-15991

I.R.S. Employer Identification No: 58-2189551

9955 AirTran Boulevard, Orlando, Florida 32827

(Address of principal executive offices) (Zip Code)

(407) 318-5600

(Registrant's telephone number, including area code)

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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 (see General Instruction A.2. below):

- 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. (the “**Company**”) became a wholly-owned subsidiary of Southwest Airlines Co. (“**Southwest**”), as a result of the merger of Guadalupe Holdings Corp. (“**Merger Sub**”), a wholly-owned subsidiary of Southwest, with and into the Company (the “**Merger**”). The Merger was effected pursuant to an Agreement and Plan of Merger dated as of September 26, 2010, entered into by and among the Company, Southwest and Merger Sub (the “**Merger Agreement**”). Following the Merger, the Company will be merged with and into AirTran Holdings, LLC, a Texas limited liability company and wholly-owned subsidiary of Southwest (“**Holdings LLC**”).

### Item 1.01 Entry into a Material Definitive Agreement

On May 2, 2011, concurrent with the completion of the Merger, the Company and Southwest (and in the case of the 7% Notes as defined below, AirTran Airways, Inc.) entered into:

a First Supplemental Indenture with Wilmington Trust Company, as trustee (the “**7% Notes Supplemental Indenture**”), to the indenture governing the Company’s 7% Convertible Notes due 2023 (the “**7% Notes**”);

a Second Supplemental Indenture with U.S. Bank National Association, as trustee (the “**5.5% Notes Supplemental Indenture**”), to the indenture, as previously supplemented, governing the Company’s 5.5% Convertible Senior Notes due 2015 (the “**5.5% Notes**”); and

a Second Supplemental Indenture with U.S. Bank National Association, as trustee (the “**5.25% Supplemental Indenture**” and, together with the 7% Supplemental Indenture and the 5.5% Supplemental Indenture, the “**Supplemental Indentures**”), to the indenture, as previously supplemented, governing the Company’s 5.25% Convertible Senior Notes due 2016 (the “**5.25% Notes**” and, together with the 7% Notes and the 5.5% Notes, the “**Company Convertible Notes**”).

As a result of the Merger, shares of Company Common Stock were converted into the right to receive cash and shares of Southwest Common Stock. Pursuant to the Supplemental Indentures, each series of Company Convertible Notes is convertible into the right to receive cash and shares of Southwest Common Stock in the same ratio as if such Notes were first converted into shares of Company Common Stock prior to the Merger subject, in the case of the 5.5% Notes and the 5.25% Notes, to applicable changes in the conversion ratio during the Fundamental Make-Whole Conversion Period as further described in notices to the holders of the Company’s 5.5% Notes and the Company’s 5.25% Notes. As discussed in the notice to holders of the Company’s 7% Notes, there is no increase in the conversion rate for such Notes. The description of such notices contained in this Item 1.01 does not purport to be complete and is qualified in its entirety by reference to the notices with respect to the 5.5% Notes and the 5.25% Notes which were filed as exhibits to the Company’s Schedule SC TO-C filed with the Securities and Exchange Commission (the “**Commission**”) on April 8, 2011 and a notice to the holders of the Company’s 7% Notes which was filed as an exhibit to the Company’s Schedule SC TO-C filed with the Commission on April 14, 2011. The description of the Supplemental Indentures contained herein also does not purport to be complete and is qualified in its entirety by reference to the Supplemental Indentures, which are filed as Exhibit 4.1, Exhibit 4.2 and Exhibit 4.3, respectively, hereto and are incorporated herein by reference.

### Item 3.01 Notice of Delisting or Failure to Satisfy a Continued Listing Rule or Standard; Transfer of Listing.

In connection with the completion of the Merger, the Company has notified the New York Stock Exchange (the “**NYSE**”) that each outstanding share of Company Common Stock was converted in the Merger into the right to receive cash and Southwest Common Stock and requested on May 2, 2011 that the NYSE file a notification of removal from listing on Form 25 with the Commission with respect to the Company Common Stock.

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**Item 3.03 Material Modification to Rights of Security Holders.**

Pursuant to the Merger Agreement, each outstanding share of Company Common Stock was converted in the Merger into the right to receive \$3.75 in cash and 0.321 fully paid and nonassessable shares of Southwest Common Stock with any fractional shares to be paid in cash. As of the effective time of the Merger, holders of Company Common Stock immediately prior to the effective time of the Merger ceased to have any rights as stockholders of the Company (other than their right to receive merger consideration).

The foregoing description of the Merger Agreement and the Merger 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 the Company's Current Report on Form 8-K filed with the Commission on September 27, 2010 and is incorporated herein by reference.

For a description of modifications to the rights of the holders of the Company Convertible Notes, please see Item 1.01 above, which is incorporated herein by reference.

**Item 5.01 Changes in Control of Registrant.**

As a result of the Merger, a change of control of the Company occurred and the Company became a wholly-owned subsidiary of Southwest. Southwest intends to fund the cash portion of the Merger consideration out of cash on hand. See the disclosure regarding the Merger and the Merger Agreement under the Introductory Note and Item 3.03 above for additional information.

**Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

As of the effective time of the Merger, each of Robert L. Fornaro, J. Veronica Biggins, Don L. Chapman, Geoffrey T. Crowley, G. Peter D' Aloia, Jere A. Drummond, John F. Fiedler, Michael P. Jackson, Lewis H. Jordan and Alexis P. Michas, who were members of the Board of Directors of the Company prior to the Merger, ceased to be directors of the Company, and Gary C. Kelly, Southwest's Chairman of the Board, President and Chief Executive Officer, was appointed as the sole director of the Company.

Following the completion of the Merger, Robert L. Fornaro, Klaus Goersch, Arne G. Haak, Steven A. Rossum and Alfred J. Smith, III, ceased to be executive officers of the Company, and Ron Ricks, Southwest's Executive Vice President Corporate Services and Corporate Secretary, was appointed as President, Secretary and Treasurer of the Company.

**Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.**

In accordance with the provisions of the Merger Agreement, the certificate of incorporation of the Company was amended and restated at the effective time of the Merger to be the same as the certificate of incorporation of Merger Sub as in effect immediately prior to the effective time of the Merger, which is attached hereto as Exhibit 3.1. In addition, the bylaws of the Company were amended and restated at the effective time of the Merger to be the same as the bylaws of Merger Sub as in effect immediately prior to the effective time of the Merger, which are attached hereto as Exhibit 3.2.

The disclosures contained in this Item 5.03 do not purport to be a complete description of the amended and restated certificate of incorporation and amended and restated bylaws of the Company and are qualified in their entirety by reference to the amended and restated certificate of incorporation and amended and restated bylaws of the Company, which are filed as Exhibit 3.1 and Exhibit 3.2, respectively, hereto and are incorporated herein by reference.

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**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

<u>Exhibit</u> <u>No.</u>	<u>Description</u>
2.1	Agreement and Plan of Merger among Southwest Airlines Co., AirTran Holdings, Inc., and Guadalupe Holdings Corp., dated as of September 26, 2010 (incorporated by reference to Exhibit 2.1 to AirTran Holdings Inc.'s Current Report on Form 8-K filed on September 27, 2010).
3.1	Amended and Restated Certificate of Incorporation of AirTran Holdings, Inc.
3.2	Amended and Restated Bylaws of AirTran Holdings, Inc.
4.1	Second Supplemental Indenture, dated as of May 2, 2011, among Southwest Airlines Co., AirTran Holdings, Inc., and U.S. Bank, National Association, as trustee, with respect to the 5.50% Convertible Senior Notes due 2015.
4.2	Second Supplemental Indenture, dated as of May 2, 2011, among Southwest Airlines Co., AirTran Holdings, Inc., and U.S. Bank, National Association, as trustee, with respect to the 5.25% Convertible Senior Notes due 2016.
4.3	First Supplemental Indenture, dated as of May 2, 2011, among Southwest, AirTran, AirTran Airways and Wilmington Trust Company, as trustee, with respect to the 7.0% Convertible Notes due 2023.

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**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, thereunto duly authorized.

**AIRTRAN HOLDINGS, INC.**

By: /s/ Ron Ricks

Name: Ron Ricks

Title: President, Secretary and Treasurer

Date: May 2, 2011

## EXHIBIT INDEX

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4.3	First Supplemental Indenture, dated as of May 2, 2011, among Southwest, AirTran, AirTran Airways and Wilmington Trust Company, as trustee, with respect to the 7.0% Convertible Notes due 2023.

CERTIFICATE OF  
AMENDED AND RESTATED ARTICLES OF INCORPORATION  
OF  
AIRTRAN HOLDINGS, INC.

Pursuant to the provisions of Nevada Revised Statutes 78.390 and 78.403, the undersigned officer of AirTran Holdings, Inc., a Nevada corporation, does hereby certify as follows:

A. The Agreement and Plan of Merger, dated as of September 26, 2010, by and among Southwest Airlines Co., AirTran Holdings, Inc. and Guadalupe Holdings Corp. (the "Merger Agreement") provides for the amendment and restatement of the corporation's articles of incorporation as set forth below.

B. The Merger Agreement, including the amendment and restatement of the corporation's articles of incorporation as set forth below, has been duly approved by the board of directors of the corporation and at least a majority of the voting power of the outstanding shares of voting common stock, which is sufficient for approval thereof

C. This certificate sets forth the text of the articles of incorporation of the corporation as amended and restated in their entirety to this date as follows:

AMENDED AND RESTATED ARTICLES OF INCORPORATION  
OF  
AIRTRAN HOLDINGS, INC.

ARTICLE I  
NAME

The name of the corporation is AirTran Holdings, Inc. (the "Corporation").

ARTICLE II  
REGISTERED OFFICE

The Corporation may, from time to time, in the manner provided by law, change the registered agent and registered office within the State of Nevada. The Corporation may also maintain an office or offices for the conduct of its business, either within or without the State of Nevada.

ARTICLE III  
AUTHORIZED CAPITAL STOCK

The total authorized capital stock of the Corporation shall consist of one thousand (1,000) shares of common stock, par value \$0.001 per share.



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ARTICLE IV

DIRECTORS

The members of the governing board of the Corporation are styled as directors. The Board of Directors shall be elected in such manner as shall be provided in the Bylaws of the Corporation. The current Board of Directors consists of one (1) director. The number of directors may be changed from time to time in such manner as shall be provided in the Bylaws of the Corporation.

ARTICLE V

LIMITATIONS ON LIABILITY

No director shall be personally liable to the Corporation or any of its stockholders for money damages for breach of fiduciary duty as a director, except to the extent such exemption from liability or limitation thereof is not permitted under the Nevada Revised Statutes as the same exists or may hereafter be amended. If the Nevada Revised Statutes is hereafter amended to authorize the further elimination or limitation of the liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent authorized by the Nevada Revised Statutes, as so amended. Any repeal or modification of this Article V shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification with respect to acts or omissions occurring prior to such repeal or modification.

ARTICLE VI

INDEMNIFICATION; EXCULPATION

Section 1. Payment of Expenses. In addition to any other rights of indemnification permitted by the laws of the State of Nevada or as may be provided for by the Corporation in its bylaws or by agreement, the expenses of directors and officers incurred in defending a civil or criminal action, suit or proceeding, involving alleged acts or omissions of such director or officer in his or her capacity as a director or officer of the Corporation, may be paid, by the Corporation or through insurance purchased and maintained by the Corporation or through other financial arrangements made by the Corporation, as they are incurred and in advance of the final disposition of the action, suit or proceeding, upon receipt of an undertaking by or on behalf of the director or officer to repay the amount if it is ultimately determined by a court of competent jurisdiction that he or she is not entitled to be indemnified by the Corporation.

Section 2. Limitation on Liability. The liability of directors and officers of the Corporation shall be eliminated or limited to the fullest extent permitted by the Nevada Revised Statutes. If the Nevada Revised Statutes are amended to further eliminate or limit or authorize corporate action to further eliminate or limit the liability of directors or officers, the liability of directors and officers of the Corporation shall be eliminated or limited to the fullest extent permitted by the Nevada Revised Statutes, as so amended from time to time.

Section 3. Repeal and Conflicts. Any repeal or modification of Section 1 or Section 2 of this Article VI approved by the stockholders of the Corporation shall be prospective only, and shall not adversely affect any limitation on the liability of a director or officer of the

Corporation existing as of the time of such repeal or modification. In the event of any conflict between Section 1 or Section 2 of this Article VI and any other Article of the Corporation' s Articles of Incorporation, the terms and provisions of Section 1 and/or Section 2 of this Article VI shall control.

\* \* \*

IN WITNESS WHEREOF, I have executed this Certificate of Amended and Restated Articles of Incorporation of AirTran Holdings, Inc. as of May 2, 2011.

/s/ Steven A. Rossum

Name: Steven A. Rossum

Title: Executive Vice President

AMENDED AND RESTATED BYLAWS  
OF  
AIRTRAN HOLDINGS, INC.  
(a Nevada corporation)

ARTICLE I  
OFFICES

Section 1.1 Principal Office. The principal office and place of business of AirTran Holdings, Inc. (the "Corporation") shall be established from time to time by resolution of the board of directors of the Corporation (the "Board of Directors").

Section 1.2 Other Offices. Other offices and places of business either within or without the State of Nevada may be established from time to time by resolution of the Board of Directors or as the business of the Corporation may require. The street address of the Corporation's registered agent is the registered office of the Corporation in Nevada.

ARTICLE II  
STOCKHOLDERS

Section 2.1 Annual Meeting. The annual meeting of the stockholders of the Corporation shall be held on such date and at such time as may be designated from time to time by the Board of Directors. At the annual meeting, directors shall be elected and any other business may be transacted as may be properly brought before the meeting.

Section 2.2 Special Meetings.

(a) Subject to any rights of stockholders set forth in the Articles of Incorporation of the Corporation, as amended from time to time (the "Articles of Incorporation"), special meetings of the stockholders may be called only by the chairman of the board, if any, or the chief executive officer, if any, or, if there be no chairman of the board and no chief executive officer, by the president, and shall be called by the secretary upon the written request of a majority of the Board of Directors or the holders of not less than a majority of the voting power of the Corporation's stock entitled to vote. Such request shall state the purpose or purposes of the meeting.

(b) No business shall be acted upon at a special meeting of stockholders except as set forth in the notice of the meeting.

Section 2.3 Place of Meetings. Any meeting of the stockholders of the Corporation may be held at the Corporation's registered office in the State of Nevada or at such other place in or out of the State of Nevada and the United States as may be designated in the notice of meeting. A waiver of notice signed by all stockholders entitled to vote may designate any place for the holding of such meeting.

(a) The president, chief executive officer, if any, a vice president, the secretary, an assistant secretary or any other individual designated by the Board of Directors shall sign and deliver or cause to be delivered to the stockholders written notice of any stockholders' meeting not less than ten (10) days, but not more than sixty (60) days, before the date of such meeting. The notice shall state the purpose or purposes for which the meeting is called, the time when and the place, which may be within or without the State of Nevada, where the meeting is to be held and the means of electronic communication, if any, by which the stockholders or the proxies thereof shall be deemed to be present in person and vote. The notice shall contain or be accompanied by such additional information as may be required by the Nevada Revised Statutes ("NRS"), including, without limitation, NRS 78.379, 92A.120 or 92A.410.

(b) In the case of an annual meeting, any proper business may be presented for action, except that (i) if a proposed plan of merger, conversion or exchange is submitted to a vote, the notice of the meeting must state that the purpose, or one of the purposes, of the meeting is to consider the plan of merger, conversion or exchange and must contain or be accompanied by a copy or summary of the plan; and (ii) if a proposed action creating dissenters' rights is to be submitted to a vote, the notice of the meeting must state that the stockholders are or may be entitled to assert dissenters' rights under NRS 92A.300 to 92A.500, inclusive, and be accompanied by a copy of those sections.

(c) A copy of the notice shall be (i) personally delivered or (ii) mailed postage prepaid to each stockholder of record entitled to vote at the meeting at the address appearing on the records of the Corporation. Upon mailing, service of the notice is complete, and the time of the notice begins to run from the date upon which the notice is deposited in the mail. If the address of any stockholder does not appear upon the records of the Corporation or is incomplete, it will be sufficient to address any notice to such stockholder at the registered office of the Corporation. Notwithstanding the foregoing and in addition thereto, any notice to stockholders given by the Corporation pursuant to Chapters 78 or 92A of the NRS, the Articles of Incorporation or these Amended and Restated Bylaws (these "Bylaws") may be given pursuant to the forms of electronic transmission listed herein, if such forms of transmission are consented to in writing by the stockholder receiving such electronically transmitted notice and such consent is filed by the secretary in the corporate records. Notice shall be deemed given (1) by facsimile when directed to a number consented to by the stockholder to receive notice, (2) by electronic mail when directed to an e-mail address consented to by the stockholder to receive notice, (3) by posting on an electronic network together with a separate notice to the stockholder of the specific posting on the later of the specific posting or the giving of the separate notice or (4) any other electronic transmission as consented by and when directed to the stockholder. The stockholder consent necessary to permit electronic transmission to such stockholder shall be deemed revoked and of no force and effect if (A) the Corporation is unable to deliver by electronic transmission two consecutive notices given by the Corporation in accordance with the stockholder's consent and (B) the inability to deliver by electronic transmission becomes known to the secretary, assistant secretary, transfer agent or other agent of the Corporation responsible for the giving of notice.

(d) The written certificate of an individual signing a notice of a meeting, setting forth the substance of the notice or having a copy thereof attached thereto, the date the notice was mailed or personally delivered to the stockholders and the addresses to which the notice was mailed, shall be prima facie evidence of the manner and fact of giving such notice and, in the absence of fraud, an affidavit of the individual signing a notice of a meeting that the notice thereof has been given by a form of electronic transmission shall be prima facie evidence of the facts stated in the affidavit.

(e) Any stockholder may waive notice of any meeting by a signed writing or by transmission of an electronic record, either before or after the meeting. Such waiver of notice shall be deemed the equivalent of the giving of such notice.

#### Section 2.5 Determination of Stockholders of Record.

(a) For the purpose of determining the stockholders entitled to (i) notice of and to vote at any meeting of stockholders or any adjournment thereof, (ii) receive payment of any distribution or the allotment of any rights, or (iii) exercise any rights in respect of any change, conversion, or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty (60) days nor less than 10 days before the date of such meeting, if applicable.

(b) The Board of Directors may adopt a resolution prescribing a date upon which the stockholders of record entitled to give written consent must be determined. The date set by the Board of Directors must not precede or be more than ten (10) days after the date the resolution setting such date is adopted by the Board of Directors. If the Board of Directors does not adopt a resolution setting a date upon which the stockholders of record entitled to give written consent must be determined and

(i) no prior action by the Board of Directors is required by the NRS, then the date shall be the first date on which a valid written consent is delivered by the Corporation in accordance with the NRS and these Bylaws; or

(ii) prior action by the Board of Directors is required by the NRS, then the date shall be the close of business on the date that the Board of Directors adopts the resolution.

(c) If no record date is fixed pursuant to Section 2.5(a), the record date for determining stockholders: (i) entitled to notice of and to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held; and (ii) for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto. A determination of stockholders of record entitled to notice of or to vote at any meeting of stockholders shall apply to any adjournment of the meeting; provided that the Board of Directors may fix a new record date for the adjourned meeting and must fix a new record date if the meeting is adjourned to a date more than 60 days later than the date set for the original meeting.

## Section 2.6 Quorum; Adjourned Meetings.

(a) Unless the Articles of Incorporation provide for a different proportion, stockholders holding at least a majority of the voting power of the Corporation's capital stock, represented in person or by proxy (regardless of whether the proxy has authority to vote on all matters), are necessary to constitute a quorum for the transaction of business at any meeting. If, on any issue, voting by classes or series is required by the laws of the State of Nevada, the Articles of Incorporation or these Bylaws, at least a majority of the voting power, represented in person or by proxy (regardless of whether the proxy has authority to vote on all matters), within each such class or series is necessary to constitute a quorum of each such class or series.

(b) If a quorum is not represented, a majority of the voting power represented or the person presiding at the meeting may adjourn the meeting from time to time until a quorum shall be represented. At any such adjourned meeting at which a quorum shall be represented, any business may be transacted which might have been transacted as originally called. When a stockholders' meeting is adjourned to another time or place hereunder, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. However, if a new record date is fixed for the adjourned meeting, notice of the adjourned meeting must be given to each stockholder of record as of the new record date. The stockholders present at a duly convened meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the departure of enough stockholders to leave less than a quorum of the voting power.

## Section 2.7 Voting.

(a) Unless otherwise provided in the NRS, the Articles of Incorporation or any resolution providing for the issuance of preferred stock adopted by the Board of Directors pursuant to authority expressly vested in it by the provisions of the Articles of Incorporation, each stockholder of record, or such stockholder's duly authorized proxy, shall be entitled to one (1) vote for each share of voting stock standing registered in such stockholder's name at the close of business on the record date or the date established by the Board of Directors in connection with stockholder action by written consent.

(b) Except as otherwise provided herein, all votes with respect to shares standing in the name of an individual at the close of business on the record date or the date established by the Board of Directors in connection with stockholder action by written consent (including pledged shares) shall be cast only by that individual or such individual's duly authorized proxy. With respect to shares held by a representative of the estate of a deceased stockholder, or a guardian, conservator, custodian or trustee, even though the shares do not stand in the name of such holder, votes may be cast by such holder upon proof of such representative capacity. In the case of shares under the control of a receiver, the receiver may cast votes carried by such shares, even though the shares do not stand of record in the name of the receiver, provided that the order of a court of competent jurisdiction which appoints the receiver contains the authority to cast votes carried by such shares. If shares stand of record in the name of a minor, votes may be cast by the duly appointed guardian of the estate of such minor only if such guardian has provided the Corporation with written proof of such appointment.

(c) With respect to shares standing of record in the name of another corporation, partnership, limited liability company or other legal entity on the record date, votes may be cast: (i) in the case of a corporation, by such individual as the bylaws of such other corporation prescribe, by such individual as may be appointed by resolution of the board of directors of such other corporation or by such individual (including, without limitation, the officer making the authorization) authorized in writing to do so by the chairman of the board, if any, president, chief executive officer, if any, or any vice president of such corporation; and (ii) in the case of a partnership, limited liability company or other legal entity, by an individual representing such stockholder upon presentation to the Corporation of satisfactory evidence of his or her authority to do so.

(d) Notwithstanding anything to the contrary contained herein and except for the Corporation's shares held in a fiduciary capacity, the Corporation shall not vote, directly or indirectly, shares of its own stock owned by it; and such shares shall not be counted in determining the total number of outstanding shares entitled to vote.

(e) Any holder of shares entitled to vote on any matter may cast a portion of the votes in favor of such matter and refrain from casting the remaining votes or cast the same against the proposal, except in the case of elections of directors. If such holder entitled to vote does vote any of such stockholder's shares affirmatively and fails to specify the number of affirmative votes, it will be conclusively presumed that the holder is casting affirmative votes with respect to all shares held.

(f) With respect to shares standing of record in the name of two or more persons, whether fiduciaries, members of a partnership, joint tenants, tenants in common, husband and wife as community property, tenants by the entirety, voting trustees or otherwise and shares held by two or more persons (including proxy holders) having the same fiduciary relationship in respect to the same shares, votes may be cast in the following manner:

(i) If only one person votes, the vote of such person binds all.

(ii) If more than one person casts votes, the act of the majority so voting binds all.

(iii) If more than one person casts votes, but the vote is evenly split on a particular matter, the votes shall be deemed cast proportionately, as split.

(g) If a quorum is present, unless the Articles of Incorporation, these Bylaws, the NRS, or other applicable law provide for a different proportion, action by the stockholders entitled to vote on a matter, other than the election of directors, is approved by and is the act of the stockholders if the number of votes cast in favor of the action exceeds the number of votes cast in opposition to the action, unless voting by classes or series is required for any action of the stockholders by the laws of the State of Nevada, the Articles of Incorporation or these Bylaws, in which case the number of votes cast in favor of the action by the voting power of each such class or series must exceed the number of votes cast in opposition to the action by the voting power of each such class or series.

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(h) If a quorum is present, directors shall be elected by a plurality of the votes cast.

Section 2.8 Actions at Meetings Not Regularly Called; Ratification and Approval.

(a) Whenever all persons entitled to vote at any meeting consent, either by: (i) a writing on the records of the meeting or filed with the secretary, (ii) presence at such meeting and oral consent entered on the minutes, or (iii) taking part in the deliberations at such meeting without objection, such meeting shall be as valid as if a meeting were regularly called and noticed.

(b) At such meeting any business may be transacted which is not excepted from the written consent or to the consideration of which no objection for want of notice is made at the time.

(c) If any meeting be irregular for want of notice or of such consent, provided a quorum was present at such meeting, the proceedings of the meeting may be ratified and approved and rendered likewise valid and the irregularity or defect therein waived by a writing signed by all parties having the right to vote at such meeting.

(d) Such consent or approval may be by proxy or power of attorney, but all such proxies and powers of attorney must be in writing.

Section 2.9 Proxies. At any meeting of stockholders, any holder of shares entitled to vote may designate, in a manner permitted by the laws of the State of Nevada, another person or persons to act as a proxy or proxies. If a stockholder designates two or more persons to act as proxies, then a majority of those persons present at a meeting has and may exercise all of the powers conferred by the stockholder or, if only one is present, then that one has and may exercise all of the powers conferred by the stockholder, unless the stockholder provides otherwise. Every proxy shall continue in full force and effect until its expiration or revocation in a manner permitted by the laws of the State of Nevada.

Section 2.10 Telephonic Meetings. Stockholders may participate in a meeting of the stockholders by means of a telephone conference or similar method of communication by which all individuals participating in the meeting can hear each other. Participation in a meeting pursuant to this Section 2.10 constitutes presence in person at the meeting.

Section 2.11 Action Without a Meeting. Any action required or permitted to be taken at a meeting of the stockholders may be taken without a meeting if, before or after the action, a written consent thereto is signed by the holders of the voting power that would be required to approve such action at a meeting. A meeting of the stockholders need not be called or noticed whenever action is taken by written consent. The written consent may be signed in multiple counterparts, including, without limitation, facsimile counterparts, and shall be filed with the minutes of the proceedings of the stockholders.



(a) Meetings of stockholders shall be presided over by the chairman of the board, or, in the absence of the chairman, by the vice-chairman of the board, or in the absence of the vice-chairman, the president, or, in the absence of the president, by the chief executive officer, if any, or, in the absence of the foregoing persons, by a chairman designated by the Board of Directors, or, in the absence of such designation by the Board of Directors, by a chairman chosen at the meeting by the stockholders entitled to cast a majority of the votes which all stockholders present in person or by proxy are entitled to cast. The secretary, or in the absence of the secretary an assistant secretary, shall act as secretary of the meeting, but in the absence of the secretary and any assistant secretary, the chairman of the meeting may appoint any person to act as secretary of the meeting. The order of business at each such meeting shall be as determined by the chairman of the meeting. The chairman of the meeting shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts and things as are necessary or desirable for the proper conduct of the meeting, including, without limitation, the establishment of procedures for the maintenance of order and safety, limitation on the time allotted to questions or comments on the affairs of the Corporation, restrictions on entry to such meeting after the time prescribed for the commencement thereof and the opening and closing of the voting polls.

(b) The chairman of the meeting may appoint one or more inspectors of elections. The inspector or inspectors may (i) ascertain the number of shares outstanding and the voting power of each; (ii) determine the number of shares represented at a meeting and the validity of proxies or ballots; (iii) count all votes and ballots; (iv) determine any challenges made to any determination made by the inspector(s); and (v) certify the determination of the number of shares represented at the meeting and the count of all votes and ballots.

Section 2.13 Absentees' Consent to Meetings. Transactions of any meeting of the stockholders are as valid as though had at a meeting duly held after regular call and notice if a quorum is represented, either in person or by proxy, and if, either before or after the meeting, each of the persons entitled to vote, not represented in person or by proxy (and those who, although present, either object at the beginning of the meeting to the transaction of any business because the meeting has not been lawfully called or convened or expressly object at the meeting to the consideration of matters not included in the notice which are legally or by the terms of these Bylaws required to be included therein), signs a written waiver of notice and/or consent to the holding of the meeting or an approval of the minutes thereof. All such waivers, consents, and approvals shall be filed with the corporate records and made a part of the minutes of the meeting. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person objects at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called, noticed or convened and except that attendance at a meeting is not a waiver of any right to object to the consideration of matters not properly included in the notice if such objection is expressly made at the time any such matters are presented at the meeting. Neither the business to be transacted at nor the purpose of any regular or special meeting of stockholders need be specified in any written waiver of notice or consent, except as otherwise provided in these Bylaws.

ARTICLE III  
DIRECTORS

Section 3.1 General Powers; Performance of Duties. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors, except as otherwise provided in Chapter 78 of the NRS or the Articles of Incorporation.

Section 3.2 Number, Tenure, and Qualifications. The Board of Directors shall consist of at least one (1) individual and not more than ten (10) individuals. The number of directors within the foregoing fixed minimum and maximum may be established and changed from time to time by resolution adopted by the Board of Directors or the stockholders without amendment to these Bylaws or the Articles of Incorporation. Each director shall hold office until his or her successor shall be elected or appointed or until his or her earlier death, retirement, disqualification, resignation or removal. No reduction of the number of directors shall have the effect of removing any director prior to the expiration of his or her term of office. No provision of this Section 3.2 shall restrict the right of the Board of Directors to fill vacancies or the right of the stockholders to remove directors as is hereinafter provided.

Section 3.3 Chairman of the Board. The Board of Directors may elect a chairman of the board from the members of the Board of Directors, who shall preside at all meetings of the Board of Directors and stockholders at which he or she shall be present and shall have and may exercise such powers as may, from time to time, be assigned to him or her by the Board of Directors, these Bylaws or as provided by law. If no chairman of the board is appointed or if the chairman is absent from a Board meeting, then the Board of Directors may appoint a chairman for the sole purpose of presiding at any such meeting. If no chairman of the board is appointed or if the chairman is absent from any stockholder meeting, then the president shall preside at such stockholder meeting. If the president is absent from any stockholder meeting, the stockholders may appoint a substitute chairman solely for the purpose of presiding over such stockholder meeting.

Section 3.4 Removal and Resignation of Directors. Subject to any rights of the holders of preferred stock, if any, and except as otherwise provided in the NRS, any director may be removed from office with or without cause by the affirmative vote of the holders of not less than two-thirds (2/3) of the voting power of the issued and outstanding stock of the Corporation entitled to vote generally in the election of directors (voting as a single class), excluding stock entitled to vote only upon the happening of a fact or event unless such fact or event shall have occurred. Any director may resign effective upon giving written notice, unless the notice specifies a later time for effectiveness of such resignation, to the chairman of the board, if any, the president or the secretary, or in the absence of all of them, any other officer of the Corporation. Notwithstanding any later effective date set forth in such notice, the Board of Directors may elect to treat such resignation as effective immediately upon receipt.

Section 3.5 Vacancies; Newly Created Directorships. Subject to any rights of the holders of preferred stock, if any, any vacancies on the Board of Directors resulting from death, resignation, retirement, disqualification, removal from office, or other cause, and newly created directorships resulting from any increase in the authorized number of directors, may be filled by a majority vote of the directors then in office or by a sole remaining director, in either case

though less than a quorum, and the director(s) so chosen shall hold office for a term expiring at the next annual meeting of stockholders and when their successors are elected or appointed, at which the term of the class to which he or she has been elected expires, or until his or her earlier resignation or removal. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent directors.

Section 3.6 Annual and Regular Meetings. Immediately following the adjournment of, and at the same place as, the annual or any special meeting of the stockholders at which directors are elected, the Board of Directors, including directors newly elected, shall hold its annual meeting without call or notice, other than this provision, to elect officers and to transact such further business as may be necessary or appropriate. The Board of Directors may provide by resolution the place, date, and hour for holding regular meetings between annual meetings.

Section 3.7 Special Meetings. Subject to any rights of the holders of preferred stock, if any, and except as otherwise required by law, special meetings of the Board of Directors may be called by the chairman of the board, or if there be no chairman of the board, by the president, the chief executive officer, if any, or the secretary, and shall be called by the chairman of the board, if any, the president, the chief executive officer, if any, or the secretary upon the request of any two directors, or, if there are fewer than two directors, upon the request of the sole director. If the chairman of the board, or if there be no chairman of the board, each of the president, the chief executive officer, if any, and the secretary, refuses or neglects to call such special meeting, a special meeting may be called by notice signed by any two directors.

Section 3.8 Place of Meetings. Any regular or special meeting of the Board of Directors may be held at such place as the Board of Directors, or in the absence of such designation, as the notice calling such meeting, may designate. A waiver of notice signed by the directors may designate any place for the holding of such meeting.

Section 3.9 Notice of Meetings. Except as otherwise provided in Section 3.6, there shall be delivered to each director at the address appearing for him or her on the records of the Corporation, at least forty-eight (48) hours before the time of such meeting, a copy of a written notice of any meeting (a) by delivery of such notice personally, (b) by mailing such notice postage prepaid, (c) by facsimile, (d) by overnight courier, (e) by telegram, or (f) by electronic transmission or electronic writing, including, without limitation, e-mail. If mailed to an address inside the United States, the notice shall be deemed delivered two (2) business days following the date the same is deposited in the United States mail, postage prepaid. If mailed to an address outside the United States, the notice shall be deemed delivered four (4) business days following the date the same is deposited in the United States mail, postage prepaid. If sent via facsimile, by electronic transmission or electronic writing, including, without limitation, e-mail, the notice shall be deemed delivered upon sender's receipt of confirmation of the successful transmission. If sent via overnight courier, the notice shall be deemed delivered the business day following the delivery of such notice to the courier. If the address of any director is incomplete or does not appear upon the records of the Corporation it will be sufficient to address any notice to such director at the registered office of the Corporation. Any director may waive notice of any meeting, and the attendance of a director at a meeting and oral consent entered on the minutes of such meeting shall constitute waiver of notice of the meeting unless such director objects, prior to the transaction of any business, that the meeting was not lawfully called, noticed or convened.

Attendance for the express purpose of objecting to the transaction of business thereat because the meeting was not properly called or convened shall not constitute presence or a waiver of notice for purposes hereof.

Section 3.10 Quorum; Adjourned Meetings.

(a) A majority of the directors in office, at a meeting duly assembled, is necessary to constitute a quorum for the transaction of business.

(b) At any meeting of the Board of Directors where a quorum is not present, a majority of those present may adjourn, from time to time, until a quorum is present, and no notice of such adjournment shall be required. At any adjourned meeting where a quorum is present, any business may be transacted which could have been transacted at the meeting originally called.

Section 3.11 Manner of Acting. Except as provided in Section 3.13, the affirmative vote of a majority of the directors present at a meeting at which a quorum is present is the act of the Board of Directors.

Section 3.12 Telephonic Meetings. Members of the Board of Directors or of any committee designated by the Board of Directors may participate in a meeting of the Board of Directors or such committee by means of a telephone conference or video or similar method of communication by which all persons participating in such meeting can hear each other. Participation in a meeting pursuant to this Section 3.12 constitutes presence in person at the meeting.

Section 3.13 Action Without Meeting. Any action required or permitted to be taken at a meeting of the Board of Directors or of a committee thereof may be taken without a meeting if, before or after the action, a written consent thereto is signed by all of the members of the Board of Directors or the committee. The written consent may be signed in counterparts, including, without limitation, facsimile counterparts, and shall be filed with the minutes of the proceedings of the Board of Directors or committee.

Section 3.14 Powers and Duties.

(a) Except as otherwise restricted by the laws of the State of Nevada or the Articles of Incorporation, the Board of Directors has full control over the business and affairs of the Corporation. The Board of Directors may delegate any of its authority to manage, control or conduct the business of the Corporation to any standing or special committee, or to any officer or agent, and to appoint any persons to be agents of the Corporation with such powers, including the power to subdelegate, and upon such terms as may be deemed fit.

(b) The Board of Directors, in its discretion, or the officer of the Corporation presiding at a meeting of stockholders, in his or her discretion, may (i) require that any votes cast at such meeting shall be cast by written ballot, and/or (ii) submit any contract or act for approval or ratification at any annual meeting of the stockholders or any special meeting properly called and noticed for the purpose of considering any such contract or act, provided a quorum is present.

(c) The Board of Directors may, by resolution passed by a majority of the directors, designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he, she or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Subject to applicable law and to the extent provided in the resolution of the Board of Directors, any such committee shall have and may exercise all the powers of the Board of Directors in the management of the business and affairs of the Corporation. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors. The committees shall keep regular minutes of their proceedings and report the same to the Board of Directors when required.

Section 3.15 Compensation. The Board of Directors, without regard to personal interest, may establish the compensation of directors for services in any capacity. If the Board of Directors establishes the compensation of directors pursuant to this Section 3.15, such compensation is presumed to be fair to the Corporation unless proven unfair by a preponderance of the evidence.

Section 3.16 Organization. Meetings of the Board of Directors shall be presided over by the chairman of the board, or in the absence of the chairman of the board, by the vice-chairman, or in his or her absence, by a chairman chosen at the meeting. The secretary, or in the absence of the secretary an assistant secretary, shall act as secretary of the meeting, but in the absence of the secretary and any assistant secretary, the chairman of the meeting may appoint any person to act as secretary of the meeting. The order of business at each such meeting shall be as determined by the chairman of the meeting.

#### ARTICLE IV OFFICERS

Section 4.1 Election. The Board of Directors, at its annual meeting, shall elect and appoint a president, a secretary and a treasurer, or the equivalent of such officers. Such officers shall serve until the next succeeding annual meeting of the Board of Directors and until their respective successors are elected and appointed and shall qualify or until their earlier resignation or removal. The Board of Directors may from time to time, by resolution, elect or appoint such other officers and agents as it may deem advisable, who shall hold office at the will and pleasure of the Board of Directors, and shall have such powers and duties and be paid such compensation as may be directed by the Board of Directors. Any individual may hold two or more offices.

Section 4.2 Removal; Resignation. Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors with or without cause. Any officer may resign at any time upon written notice to the Corporation. Any such removal or resignation shall be subject to the rights, if any, of the respective parties under any contract between the Corporation and such officer or agent.

Section 4.3 Vacancies. Any vacancy in any office because of death, resignation, removal or otherwise may be filled by the Board of Directors for the unexpired portion of the term of such office.

Section 4.4 Chief Executive Officer. The Board of Directors may elect a chief executive officer who, subject to the supervision and control of the Board of Directors, shall have the ultimate responsibility for the management and control of the business and affairs of the Corporation and perform such other duties and have such other powers which are delegated to him or her by the Board of Directors, these Bylaws or as provided by law.

Section 4.5 President. The president, subject to the supervision and control of the Board of Directors, shall in general actively supervise and control the business and affairs of the Corporation. The president shall keep the Board of Directors fully informed as the Board of Directors may request and shall consult the Board of Directors concerning the business of the Corporation. The president shall perform such other duties and have such other powers which are delegated and assigned to him or her by the Board of Directors, the chief executive officer, if any, these Bylaws or as provided by law.

Section 4.6 Vice Presidents. The Board of Directors may elect one or more vice presidents. In the absence or disability of the president, or at the president's request, the vice president or vice presidents, in order of their rank as fixed by the Board of Directors, and if not ranked, the vice presidents in the order designated by the Board of Directors, or in the absence of such designation, in the order designated by the president, shall perform all of the duties of the president, and when so acting, shall have all the powers of, and be subject to all the restrictions on the president. Each vice president shall perform such other duties and have such other powers which are delegated and assigned to him or her by the Board of Directors, the president, these Bylaws or as provided by law.

Section 4.7 Secretary. The secretary shall attend all meetings of the stockholders, the Board of Directors and any committees thereof, and shall keep, or cause to be kept, the minutes of proceedings thereof in books provided for that purpose. He or she shall keep, or cause to be kept, a register of the stockholders of the Corporation and shall be responsible for the giving of notice of meetings of the stockholders, the Board of Directors and any committees thereof, and shall see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law. The secretary shall be custodian of the corporate seal (if any), the records of the Corporation, the stock certificate books, transfer books and stock ledgers, and such other books and papers as the Board of Directors or any appropriate committee may direct. The secretary shall perform all other duties commonly incident to his or her office and shall perform such other duties which are assigned to him or her by the Board of Directors, the chief executive officer, if any, the president, these Bylaws or as provided by law.

Section 4.8 Assistant Secretaries. An assistant secretary shall, at the request of the secretary, or in the absence or disability of the secretary, perform all the duties of the secretary. He or she shall perform such other duties as are assigned to him or her by the Board of Directors, the chief executive officer, if any, the president, these Bylaws or as provided by law.

Section 4.9 Treasurer. The treasurer, subject to the order of the Board of Directors, shall have the care and custody of, and be responsible for, all of the money, funds, securities, receipts and valuable papers, documents and instruments of the Corporation, and all books and records relating thereto. The treasurer shall keep, or cause to be kept, full and accurate books of accounts of the Corporation's transactions, which shall be the property of the Corporation, and shall render financial reports and statements of condition of the Corporation when so requested by the Board of Directors, the chairman of the board, if any, the chief executive officer, if any, or the president. The treasurer shall perform all other duties commonly incident to his or her office and such other duties as may, from time to time, be assigned to him or her by the Board of Directors, the chief executive officer, if any, the president, these Bylaws or as provided by law. The treasurer shall, if required by the Board of Directors, give bond to the Corporation in such sum and with such security as shall be approved by the Board of Directors for the faithful performance of all the duties of the treasurer and for restoration to the Corporation, in the event of the treasurer's death, resignation, retirement or removal from office, of all books, records, papers, vouchers, money and other property in the treasurer's custody or control and belonging to the Corporation. The expense of such bond shall be borne by the Corporation. If a chief financial officer of the Corporation has not been appointed, the treasurer may be deemed the chief financial officer of the Corporation.

Section 4.10 Assistant Treasurers. An assistant treasurer shall, at the request of the treasurer, or in the absence or disability of the treasurer, perform all the duties of the treasurer. He or she shall perform such other duties which are assigned to him or her by the Board of Directors, the chief executive officer, the president, the treasurer, these Bylaws or as provided by law. The Board of Directors may require an assistant treasurer to give a bond to the Corporation in such sum and with such security as it may approve, for the faithful performance of the duties of the assistant treasurer, and for restoration to the Corporation, in the event of the assistant treasurer's death, resignation, retirement or removal from office, of all books, records, papers, vouchers, money and other property in the assistant treasurer's custody or control and belonging to the Corporation. The expense of such bond shall be borne by the Corporation.

Section 4.11 Execution of Negotiable Instruments, Deeds and Contracts. All (a) checks, drafts, notes, bonds, bills of exchange, and orders for the payment of money of the Corporation, (b) deeds, mortgages, proxies, powers of attorney and other written contracts, documents, instruments and agreements to which the Corporation shall be a party and (c) assignments or endorsements of stock certificates, registered bonds or other securities owned by the Corporation shall be signed in the name of the Corporation by such officers or other persons as the Board of Directors may from time to time designate. The Board of Directors may authorize the use of the facsimile signatures of any such persons. Any officer of the Corporation shall be authorized to attend, act and vote, or designate another officer or an agent of the Corporation to attend, act and vote, at any meeting of the owners of any entity in which the Corporation may own an interest or to take action by written consent in lieu thereof. Such officer or agent, at any such meeting or by such written action, shall possess and may exercise on behalf of the Corporation any and all rights and powers incident to the ownership of such interest.

ARTICLE V  
CAPITAL STOCK

Section 5.1 Issuance. Shares of the Corporation' s authorized capital stock shall, subject to any provisions or limitations of the laws of the State of Nevada, the Articles of Incorporation or any contracts or agreements to which the Corporation may be a party, be issued in such manner, at such times, upon such conditions and for such consideration as shall be prescribed by the Board of Directors.

Section 5.2 Stock Certificates and Uncertificated Shares.

(a) Every holder of stock in the Corporation shall be entitled to have a certificate signed by or in the name of the Corporation by (i) the president, the chief executive officer, if any, or a vice president, and (ii) the secretary, an assistant secretary, the treasurer or the chief financial officer, if any, of the Corporation (or any other two officers or agents so authorized by the Board of Directors), certifying the number of shares of stock owned by him, her or it in the Corporation; provided that the Board of Directors may authorize the issuance of uncertificated shares of some or all of any or all classes or series of the Corporation' s stock. Any such issuance of uncertificated shares shall have no effect on existing certificates for shares until such certificates are surrendered to the Corporation, or on the respective rights and obligations of the stockholders. Whenever any such certificate is countersigned or otherwise authenticated by a transfer agent or a transfer clerk and by a registrar (other than the Corporation), then a facsimile of the signatures of any corporate officers or agents, the transfer agent, transfer clerk or the registrar of the Corporation may be printed or lithographed upon the certificate in lieu of the actual signatures. In the event that any officer or officers who have signed, or whose facsimile signatures have been used on any certificate or certificates for stock cease to be an officer or officers because of death, resignation or other reason, before the certificate or certificates for stock have been delivered by the Corporation, the certificate or certificates may nevertheless be adopted by the Corporation and be issued and delivered as though the person or persons who signed the certificate or certificates, or whose facsimile signature or signatures have been used thereon, had not ceased to be an officer or officers of the Corporation.

(b) Within a reasonable time after the issuance or transfer of uncertificated shares, the Corporation shall send to the registered owner thereof a written statement certifying the number and class (and the designation of the series, if any) of the shares owned by such stockholder in the Corporation and any restrictions on the transfer or registration of such shares imposed by the Articles of Incorporation, these Bylaws, any agreement among stockholders or any agreement between the stockholders and the Corporation, and, at least annually thereafter, the Corporation shall provide to such stockholders of record holding uncertificated shares, a written statement confirming the information contained in such written statement previously sent. Except as otherwise expressly provided by law, the rights and obligations of the stockholders of the Corporation shall be identical whether or not their shares of stock are represented by certificates.

(c) Each certificate representing shares shall state the following upon the face thereof: the name of the state of the Corporation' s organization; the name of the person to whom issued; the number and class of shares and the designation of the series, if any, which such



certificate represents; the par value of each share, if any, represented by such certificate or a statement that the shares are without par value. Certificates of stock shall be in such form consistent with law as shall be prescribed by the Board of Directors. No certificate shall be issued until the shares represented thereby are fully paid. In addition to the foregoing, all certificates evidencing shares of the Corporation's stock or other securities issued by the Corporation shall contain such legend or legends as may from time to time be required by the NRS or such other federal, state or local laws or regulations then in effect.

Section 5.3 Surrendered; Lost or Destroyed Certificates. All certificates surrendered to the Corporation, except those representing shares of treasury stock, shall be canceled and no new certificate shall be issued until the former certificate for a like number of shares shall have been canceled, except that in case of a lost, stolen, destroyed or mutilated certificate, a new one may be issued therefor. However, any stockholder applying for the issuance of a stock certificate in lieu of one alleged to have been lost, stolen, destroyed or mutilated shall, prior to the issuance of a replacement, provide the Corporation with his, her or its affidavit of the facts surrounding the loss, theft, destruction or mutilation and, if required by the Board of Directors, an indemnity bond in an amount not less than twice the current market value of the stock, and upon such terms as the treasurer or the Board of Directors shall require which shall indemnify the Corporation against any loss, damage, cost or inconvenience arising as a consequence of the issuance of a replacement certificate.

Section 5.4 Replacement Certificate. When the Articles of Incorporation are amended in any way affecting the statements contained in the certificates for outstanding shares of capital stock of the Corporation or it becomes desirable for any reason, in the discretion of the Board of Directors, including, without limitation, the merger of the Corporation with another Corporation or the conversion or reorganization of the Corporation, to cancel any outstanding certificate for shares and issue a new certificate therefor conforming to the rights of the holder, the Board of Directors may order any holders of outstanding certificates for shares to surrender and exchange the same for new certificates within a reasonable time to be fixed by the Board of Directors. The order may provide that a holder of any certificate(s) ordered to be surrendered shall not be entitled to vote, receive distributions or exercise any other rights of stockholders of record until the holder has complied with the order, but the order operates to suspend such rights only after notice and until compliance.

Section 5.5 Transfer of Shares. No transfer of stock shall be valid as against the Corporation except on surrender and cancellation of any certificate(s) therefor accompanied by an assignment or transfer by the registered owner made either in person or under assignment. Upon receipt of proper transfer instructions from the registered owner of uncertificated shares, such uncertificated shares shall be cancelled and issuance of new, equivalent uncertificated shares or certificated shares shall be made to the stockholder entitled thereto and the transaction shall be recorded on the transfer books of the Corporation. Whenever any transfer shall be expressly made for collateral security and not absolutely, the collateral nature of the transfer shall be reflected in the entry of transfer in the records of the Corporation.

Section 5.6 Transfer Agent; Registrars. The Board of Directors may appoint one or more transfer agents, transfer clerks and registrars of transfer and may require all certificates for shares of stock to bear the signature of such transfer agents, transfer clerks and/or registrars of transfer.

Section 5.7 Miscellaneous. The Board of Directors shall have the power and authority to make such rules and regulations not inconsistent herewith as it may deem expedient concerning the issue, transfer, and registration of certificates for shares of the Corporation's stock.

ARTICLE VI  
DISTRIBUTIONS

Distributions may be declared, subject to the provisions of the laws of the State of Nevada and the Articles of Incorporation, by the Board of Directors and may be paid in cash, property, shares of corporate stock, or any other medium. The Board of Directors may fix in advance a record date, in accordance with and as provided in Section 2.5, prior to the distribution for the purpose of determining stockholders entitled to receive any distribution.

ARTICLE VII  
RECORDS; REPORTS; SEAL; AND FINANCIAL MATTERS

Section 7.1 Records. All original records of the Corporation, shall be kept at the principal office of the Corporation by or under the direction of the secretary or at such other place or by such other person as may be prescribed by these Bylaws or the Board of Directors.

Section 7.2 Corporate Seal. The Board of Directors may, by resolution, authorize a seal, and the seal may be used by causing it, or a facsimile, to be impressed or affixed or reproduced or otherwise. Except when otherwise specifically provided herein, any officer of the Corporation shall have the authority to affix the seal to any document requiring it.

Section 7.3 Fiscal Year-End. The fiscal year-end of the Corporation shall be such date as may be fixed from time to time by resolution of the Board of Directors.

Section 7.4 Reserves. The Board of Directors may create, by resolution, such reserves as the directors may, from time to time, in their discretion, deem proper to provide for contingencies, to equalize distributions or to repair or maintain any property of the Corporation, or for such other purpose as the Board of Directors may deem beneficial to the Corporation, and the Board of Directors may modify or abolish any such reserves in the manner in which they were created.

ARTICLE VIII  
INDEMNIFICATION

Section 8.1 Indemnification and Insurance.

(a) Indemnification of Directors and Officers.

(i) For purposes of this Article VIII, (A) "Indemnitee" shall mean each director or officer who was or is a party to, or is threatened to be made a party to, or is

otherwise involved in, any Proceeding (as hereinafter defined), by reason of the fact that he or she is or was a director or officer of the Corporation or is or was serving in any capacity at the request of the Corporation as a director, officer, employee, agent, partner, member, manager or fiduciary of, or in any other capacity for, another corporation or any partnership, joint venture, limited liability company, trust or other enterprise; and (B) “Proceeding” shall mean any threatened, pending, or completed action, suit or proceeding (including, without limitation, an action, suit or proceeding by or in the right of the Corporation), whether civil, criminal, administrative or investigative.

(ii) Each Indemnitee shall be indemnified and held harmless by the Corporation to the fullest extent permitted by the laws of the State of Nevada against all expense, liability and loss (including, without limitation, attorneys’ fees, judgments, fines, taxes, penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by the Indemnitee in connection with any Proceeding; provided that such Indemnitee either is not liable pursuant to NRS 78.138 or acted in good faith and in a manner such Indemnitee reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any Proceeding that is criminal in nature, had no reasonable cause to believe that his or her conduct was unlawful. The termination of any Proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent, does not, of itself, create a presumption that the Indemnitee is liable pursuant to NRS 78.138 or did not act in good faith and in a manner in which he or she reasonably believed to be in or not opposed to the best interests of the Corporation, or that, with respect to any criminal proceeding, he or she had reasonable cause to believe that his or her conduct was unlawful. The Corporation shall not indemnify an Indemnitee for any claim, issue or matter as to which the Indemnitee has been adjudged by a court of competent jurisdiction, after exhaustion of all appeals therefrom, to be liable to the Corporation or for any amounts paid in settlement to the Corporation, unless and only to the extent that the court in which the Proceeding was brought or other court of competent jurisdiction determines upon application that in view of all the circumstances of the case, the Indemnitee is fairly and reasonably entitled to indemnity for such amounts as the court deems proper. Except as so ordered by a court and for advancement of expenses pursuant to this Section 8.1, indemnification may not be made to or on behalf of an Indemnitee if a final adjudication establishes that his or her acts or omissions involved intentional misconduct, fraud or a knowing violation of law and was material to the cause of action. Notwithstanding anything to the contrary contained in these Bylaws, no director or officer may be indemnified for expenses incurred in defending any threatened, pending, or completed action, suit or proceeding (including without limitation, an action, suit or proceeding by or in the right of the Corporation), whether civil, criminal, administrative or investigative, that such director or officer incurred in his or her capacity as a stockholder.

(iii) Indemnification pursuant to this Section 8.1 shall continue as to an Indemnitee who has ceased to be a director or officer of the Corporation or a director, officer, employee, agent, partner, member, manager or fiduciary of, or to serve in any other capacity for, another corporation or any partnership, joint venture, limited liability company, trust or other enterprise and shall inure to the benefit of his or her heirs, executors and administrators.

(iv) The expenses of Indemnitees must be paid by the Corporation or through insurance purchased and maintained by the Corporation or through other financial arrangements made by the Corporation, as such expenses are incurred and in advance of the final

disposition of the Proceeding, upon receipt of an undertaking by or on behalf of such Indemnitee to repay the amount if it is ultimately determined by a court of competent jurisdiction that he or she is not entitled to be indemnified by the Corporation. To the extent that an Indemnitee is successful on the merits or otherwise in defense of any Proceeding, or in the defense of any claim, issue or matter therein, the Corporation shall indemnify him or her against expenses, including attorneys' fees, actually and reasonably incurred in by him or her in connection with the defense.

(b) Indemnification of Employees and Other Persons. The Corporation may, by action of its Board of Directors and to the extent provided in such action, indemnify employees and other persons as though they were Indemnitees.

(c) Non-Exclusivity of Rights. The rights to indemnification provided in this Article VIII shall not be exclusive of any other rights that any person may have or hereafter acquire under any statute, provision of the Articles of Incorporation or these Bylaws, agreement, vote of stockholders or directors, or otherwise.

(d) Insurance. The Corporation may purchase and maintain insurance or make other financial arrangements on behalf of any Indemnitee for any liability asserted against him or her and liability and expenses incurred by him or her in his or her capacity as a director, officer, employee, member, managing member or agent, or arising out of his or her status as such, whether or not the Corporation has the authority to indemnify him or her against such liability and expenses.

(e) Other Financial Arrangements. The other financial arrangements which may be made by the Corporation may include the following: (i) the creation of a trust fund; (ii) the establishment of a program of self-insurance; (iii) the securing of its obligation of indemnification by granting a security interest or other lien on any assets of the Corporation; and (iv) the establishment of a letter of credit, guarantee or surety. No financial arrangement made pursuant to this subsection may provide protection for a person adjudged by a court of competent jurisdiction, after exhaustion of all appeals therefrom, to be liable for intentional misconduct, fraud, or a knowing violation of law, except with respect to advancement of expenses or indemnification ordered by a court.

(f) Other Matters Relating to Insurance or Financial Arrangements. Any insurance or other financial arrangement made on behalf of a person pursuant to this Section 8.1 may be provided by the Corporation or any other person approved by the Board of Directors, even if all or part of the other person's stock or other securities is owned by the Corporation. In the absence of fraud, (i) the decision of the Board of Directors as to the propriety of the terms and conditions of any insurance or other financial arrangement made pursuant to this Section 8.1 and the choice of the person to provide the insurance or other financial arrangement is conclusive; and (ii) the insurance or other financial arrangement is not void or voidable and does not subject any director approving it to personal liability for his action; even if a director approving the insurance or other financial arrangement is a beneficiary of the insurance or other financial arrangement.

Section 8.2 Amendment. The provisions of this Article VIII relating to indemnification shall constitute a contract between the Corporation and each of its directors and officers which may be modified as to any director or officer only with that person's consent or as specifically provided in this Section 8.2. Notwithstanding any other provision of these Bylaws relating to their amendment generally, any repeal or amendment of this Article VIII which is adverse to any director or officer shall apply to such director or officer only on a prospective basis, and shall not limit the rights of an Indemnitee to indemnification with respect to any action or failure to act occurring prior to the time of such repeal or amendment. Notwithstanding any other provision of these Bylaws (including, without limitation, Article X), no repeal or amendment of these Bylaws shall affect any or all of this Article VIII so as to limit or reduce the indemnification in any manner unless adopted by (a) the unanimous vote of the directors of the Corporation then serving, or (b) by the stockholders as set forth in Article X; provided that no such amendment shall have a retroactive effect inconsistent with the preceding sentence.

ARTICLE IX  
CHANGES IN NEVADA LAW

References in these Bylaws to the laws of the State of Nevada or the NRS or to any provision thereof shall be to such law as it existed on the date these Bylaws were adopted or as such law thereafter may be changed; provided that (i) in the case of any change which expands the liability of directors or officers or limits the indemnification rights or the rights to advancement of expenses which the Corporation may provide in Article VIII, the rights to limited liability, to indemnification and to the advancement of expenses provided in the Articles of Incorporation and/or these Bylaws shall continue as theretofore to the extent permitted by law and (ii) if such change permits the Corporation, without the requirement of any further action by stockholders or directors, to limit further the liability of directors or limit the liability of officers or to provide broader indemnification rights or rights to the advancement of expenses than the Corporation was permitted to provide prior to such change, then liability thereupon shall be so limited and the rights to indemnification and the advancement of expenses shall be so broadened to the extent permitted by law.

ARTICLE X  
AMENDMENT OR REPEAL

Section 10.1 Amendment of Bylaws.

(a) Board of Directors. In furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized to amend or repeal these Bylaws, and to adopt new bylaws.

(b) Stockholders. Notwithstanding Section 10.1(a), these Bylaws may be amended or repealed in any respect, and new bylaws may be adopted, in each case by the affirmative vote of the holders of at least a majority of the outstanding voting power of the Corporation, voting together as a single class.

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**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]

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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

By: /s/ Laura Wright

Name: Laura Wright

Title: Senior Vice President Finance & Chief Financial  
Officer

Signature Page to Second Supplemental Indenture

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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

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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



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<sub>0</sub> = 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<sub>0</sub> = 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<sub>0</sub> = 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<sub>0</sub> = 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<sub>0</sub> = 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<sub>0</sub> = 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<sub>0</sub> 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<sub>0</sub> 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 10<sup>th</sup> 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 10<sup>th</sup> 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 10<sup>th</sup> 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<sub>0</sub> = 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:

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

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;

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- 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;
- OS<sub>0</sub> = 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<sub>0</sub> = 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<sub>0</sub> = 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.



**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]

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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



By: /s/ Laura Wright

Name: Laura Wright

Title: Senior Vice President Finance &  
Chief Financial Officer

Signature Page to Second Supplemental Indenture

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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

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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

*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<sub>0</sub> = 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<sub>0</sub> = 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:

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

A-2

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:

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

A-3

where

- $CR_0$  = the Conversion Rate in effect immediately prior to the Close of Business on the 10<sup>th</sup> 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 10<sup>th</sup> 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 10<sup>th</sup> 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<sub>0</sub> = 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<sub>0</sub> 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:

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

where

CR<sub>0</sub> = 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;
- OS<sub>0</sub> = 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:

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

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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.

## 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]

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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

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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

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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

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

WILMINGTON TRUST COMPANY, as Trustee

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

Name: Michael G. Ollfir, 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 15<sup>th</sup> 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 Depository 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.