

BALANCE SHEET

As At: June 30, 2000
 Schedule B-1

Air Carrier: SOUTHWEST AIRLINES C
 Operation : Domestic WND

ACCT#	DESCRIPTION	(000's) AMOUNT

	ASSETS	
	CURRENT ASSETS	
1010	Cash	-20,232
1100	Short-Term Investments	656,570
1200	Notes Receivable	3,239
1270	Accounts Receivable	122,125
1290	Less Allow. for Bad Debts	3,850
1299	Net Notes & Accounts Receivable	121,514
1399	Net Spare Parts & Supplies	70,571
1410	Prepaid Items	49,138
1420	Other Current Assets	21,497
1499	Total Current Assets	899,058
	INVESTMENTS IN SPECIAL FUNDS	
1510	Inv. in Associated Companies	7,576
1530	Other Investments & Receivables	0
1550	Special Funds	0
1599	Total Inv. & Special Funds	7,576
	OPERATING PROPERTY & EQUIPMENT	
1609	Flight Equipment	6,009,229
1649	Ground-Property and Equipment	681,233
1668	Less Allowance for Depreciation	1,896,576
1675	Property & Equipment - Net	4,793,886
1679	Land	25,264
1685	Purchase Dep. & Adv. Payments	390,415
1689	Construction Work-in-progress	49,175
1695	Leased Property - Cap. Leases	182,541
1696	Accum. Amort. Capital Leases	94,799
1699	Total Oper. Prop. & Equipment	5,346,482
1791	NONOPERATING PROP. & EQUIPMENT	0
1792	Less Allow. for Depr. - Nonop.	0
1799	Net Nonoperating Prop. & Eqmt.	0
	OTHER ASSETS	
1820	Long-term Prepayments	0
1830	Unamort. Dev. & Preop. Costs	0
1890	Other Assets and Def. Charges	9,696
1895	Total Other Assets	9,696
1899	TOTAL ASSETS	6,262,812

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NOV 14 2000

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As At: June 30, 2000
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Air Carrier: SOUTHWEST AIRLINES C
Operation : Domestic WND

(000's)
AMOUNT

ACCT#	DESCRIPTION	

	LIABILITIES & STOCKHOLDERS' EQ.	
	CURRENT LIABILITIES	
2000	Curr. Maturities of L-T Debt	862
2005	Notes Payable - Banks	0
2015	Notes Payable - Others	0
2021	Trade Accts. Payable	41,907
2025	Accts. Payable - Other	119,150
2080	Curr. Oblig. Under Cap. Leases	3,013
2110	Accrued Salaries & Wages	46,898
2120	Accrued Vacation Pay	67,100
2125	Accrued Interest	19,223
2130	Accrued Taxes	95,870
2140	Dividends Declared	0
2160	Air Traffic Liability	427,076
2190	Other Current Liabilities	509,445
2199	Total Current Liabilities	1,330,544
	NONCURRENT LIABILITIES	
2210	Long-term Debt	752,429
2240	Advances from Assoc. Companies	0
2250	Pension Liability	0
2280	Noncurrent Obgl.-Capital Leases	115,692
2290	Other Noncurrent Liabilities	5,932
2299	Total Noncurrent Liabilities	874,053
	DEFERRED CREDITS	
2340	Deferred Income Taxes	763,345
2345	Deferred Investment Tax Credits	0
2390	Other Deferred Credits	285,324
2399	Total Deferred Credits	1,048,669
	STOCKHOLDERS' EQUITY	
2820	Preferred Shares Issued	0
2840	Common Shares Issued	507,897
2860	Subscribed & Unissued	0
2869	Total Capital Stock	507,897
2890	Additional Capital Invested	42,103
2899	Total Paid in Capital	550,000
2900	Retained Earnings	2,624,070
2959	Total Stockholders' Equity	3,174,070
2990	Less Treasury Stock	164,524
2995	Net Stockholders' Equity	3,009,546
2999	Total Liab. & Stockholders' Eq.	6,262,812
2820A	No. of Preferred Shares Issued	0
2840A	No. of Common Shares Issued	507,896,548

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Air Carrier: Southwest Airlines

Quarter ended: June 30, 2000

STATEMENT OF CASH FLOWS

	(000's)
Cash flows from operating activities:	
Net income	\$190,622
Adjustments to reconcile net income to cash provided by operating activities:	
Depreciation	68,484
Amortization of scheduled airframe overhaul costs	9,260
Deferred income taxes	90,546
Amortization of deferred gains on sale and leaseback of aircraft	(3,795)
Equity in earnings of subsidiaries	52
Changes in certain assets and liabilities:	
Accounts receivable	4,694
Other current assets	(2,136)
Accounts payable and accrued liabilities	66,432*
Air traffic liability	(57,203)
Other current liabilities	10,149
Other	13,369*
Net cash provided by operating activities	<u>390,474</u>
Cash flows from investing activities:	
Net purchases of property and equipment	<u>(304,210)</u>
Net cash used in investing activities	<u>(304,210)</u>
Cash flows from financing activities:	
Payment of long-term debt and capital lease obligations	(3,379)
Payment of cash dividends	0
Proceeds from employee stock plans	14,676
Repurchase of common stock	<u>(6,234)</u>
Net cash provided by financing activities	<u>5,063</u>
Net increase in cash and cash equivalents	91,327
Cash and cash equivalents at beginning of period	<u>545,010</u>
Cash and cash equivalents at end of period	<u><u>\$636,337</u></u>

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STATEMENT OF OPERATIONS

Quarter Ended: June 30, 2000
 Schedule P-1.2 Group III

Air Carrier: Southwest Airlines
 Operation : Domestic WND

ACCT#	DESCRIPTION	(000's) AMOUNT

OPERATING REVENUES		
3901.1	Passenger - First Class	0
3901.2	Passenger - Coach	0
3901	Transport Revenues - Passenger	1,399,062
3905	Mail	10,330
3906.1	Property - Freight	17,638
3906.2	Property - Excess Baggage	755
3907.1	Charter - Passenger	7,435
3907.2	Charter - Property	0
3919.1	Reserv. Cancellation Fees	0
3919.2	Misc. Operating Revenues	22,802
4808	Public Service Subsidy	0
4898	Transport Related	2,669
4999	Total Operating Revenue	1,460,691
OPERATING EXPENSES		
5100	Flying Operations	361,151
5400	Maintenance	124,225
5500	Passenger Service	72,288
6400	Aircraft & Traffic Servicing	185,391
6700	Promotion & Sales	168,214
6800	General & Administrative	161,732
7000	Depreciation & Amortization	68,483
7100	Transport Related Expenses	4,583
7199	Total Operating Expenses	1,146,067
7999	Operating Profit or Loss	314,624
NONOPERATING EXPENSE (INCOME)		
8181	Int. Exp. (Inc.) on L-T-D & Cap. Leases	17,325
8182	Other Interest Expense (Income)	-6,786
8185	Foreign Exchange Gain or Loss	-7
8188.5	Capital (Gains)/Losses- Op.Prop.	3,000
	Capital (Gains)/Losses- Other	
8189	Other Expense (Income) - Net	-9,774
8199	Nonoperating Expense (Income)	3,758
8999	Income Before Income Taxes	310,866
9100	Income Tax Expense	120,243
9199	Inc. Bf. Disc. Ops & Other Items	190,623
9600	Discontinued Operations	0
9796	Extraordinary Items	0
9797	Inc. Tax Appl. To Extraord. Item	0
9799	Income Before Account. Changes	190,623
9800	Accounting Changes	0
9899	Net Income	190,623
9900.7	Full-Time Employees	27,403
9900.8	Part-Time Employees	850

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AIRCRAFT OPERATING EXP. - Sch. P-5.2 Grp II & III Qtr: June 30, 2000					
Air Carrier:		Operation: Domestic		WND	
(000's)		Total Exp	B-737-5/6	B-737-3/7	B-737-1/2
ACCT #	DESCRIPTION	Code 9999	Code 6161	Code 6191	Code 6201
FLYING OPERATIONS					
5123	Pilots and Copilots	89,299	6,750	73,950	8,599
5124	Other Flight Personnel	0	0	0	0
5128.1	Trainees and Instructors	579	44	479	56
5136	Personnel Expenses	8,945	676	7,408	861
5141	Prof. & Tech. Fees & Exp.	17	1	14	2
5143.7	Aircraft Interch. -Outside	0	0	0	0
5145.1	Aircraft Fuel	196,988	14,891	163,127	18,970
5145.2	Aircraft Oil	617	47	511	59
5147	Aircraft Rentals	51,489	3,892	42,639	4,958
5153	Other Supplies	0	0	0	0
5155.1	Insur. Purch. - General	928	70	769	89
5157	Empl. Benefits and Pensions	4,883	369	4,044	470
5158	Injuries, Loss and Damage	0	0	0	0
5168	Taxes-Payroll	7,406	560	6,133	713
5169	Taxes-Other Than Payroll	0	0	0	0
5171	Other Expense	0	0	0	0
5199	Total Flying Operations	361,151	27,300	299,074	34,777
DIRECT MAINTENANCE-FLIGHT EQUIP					
5225.1	Maint Airf. Labor	14,793	1,118	12,250	1,425
5225.2	Maint Eng. Labor	2,125	161	1,759	205
5243.1	Maint Airf. Outside Rep.	69,395	1,111	57,718	10,566
5243.2	Maint Eng. Outside Rep.	2,471	103	1,939	429
5243.7	Maint AC Interch. Chrgs-O/S	0	0	0	0
5246.1	Maint Materials - Airframe	8,740	140	7,269	1,331
5246.2	Maint Materials - Engines	446	19	350	77
5272.1	Maint Airfrm Airworth. Provs.	0	0	0	0
5272.3	Maint Airfrm O/H Deferred	9,260	700	7,668	892
5272.6	Maint AC Eng. Airworth. Prov	0	0	0	0
5272.8	Maint AC Eng. O/H Def. (cr.)	0	0	0	0
5278	Total Dir Maint-Flt.Eqpt	107,230	3,352	88,953	14,925
5279.6	APPL. MAINT BURDEN FLT. EQ.	13,622	1,030	11,280	1,312
5299	Total Flt. Eq. Maint. (Memo)	120,852	4,382	100,233	16,237
7073.9	NET OBSL & DETER.- EXP. PARTS	0	0	0	0
DEPRECIATION - FLIGHT EQUIPMENT					
7075.1	Depr. Airframes	40,675	3,075	33,683	3,917
7075.2	Depr. Aircraft Engines	9,684	732	8,019	933
7075.3	Depr. Airframe Parts	1,523	115	1,261	147
7075.4	Depr. Engine Parts	622	47	515	60
7075.5	Depr. Other Flt Eqp.	422	32	349	41
7076.1	Amort. Cap. Leases Flt.Eqpt.	1,762	133	1,459	170
EXPENSE OF INTERCHANGE AIRCRAFT					
7098.1	Exp. of Interch. AC- Flt. Ops	0	0	0	0
7098.2	Exp. of Interch. AC- Maint.	0	0	0	0
7098.9	Total Aircraft Operating Expens	536,691	35,816	444,593	56,282
OTHER DEPRECIATION & AMORTIZATI					
7074.1	Amortization Developmental &Pre	0			
7074.2	Amortization Other Intangibles	0			
7075.8	Depreciation Hangar & Maint. Eq	135			
7075.9	Depreciation Ground Property	13,661			
7076.2	Amort. Capital Leases Other	0			

OPERATING EXPENSES BY OBJECTIVE GROUPING

Quarter Ended: June 30, 2000
 Schedule P-6

Air Carrier:
 Operation : Domestic WND

LINE#	DESCRIPTION	(000's) AMOUNT
	SALARIES & REL. FRINGE BENEFIT	
	SALARIES:	
Line 3	General Mgmt. Per.	21,118
Line 4	Flight Personnel	128,811
Line 5	Maintenance Labor	18,095
Line 6	Aircr. & Traffic Hndl. Per.	102,005
Line 7	Other Personnel	15,958
Line 8	Total Salaries	285,987
	RELATED FRINGE BENEFITS	
Line 10	Personnel Expense	25,036
Line 11	Empl. Benefits & Pensions	114,254
Line 12	Payroll Taxes	21,438
Line 13	Total Fringe Benefits	160,728
Line 14	Total Salaries & Benefits	446,715
	MATERIALS PURCHASED	
Line 16	Aircraft Fuel & Oil	197,605
Line 17	Maintenance Materials	15,214
Line 18	Passenger Food	4,264
Line 19	Other Materials	9,184
Line 20	Total Materials	226,267
	SERVICES PURCHASED	
Line 22	Advertising & Other Promotion	37,958
Line 23	Communications	6,243
Line 24	Insurance	3,945
Line 25	Outside Flight Eqpt. Maint.	78,033
Line 26	Traffic Commissions - Passenger	45,998
Line 27	Traffic Commissions - Cargo	43
Line 28	Other Services	67,724
Line 29	Total Services	239,944
Line 30	LANDING FEES	30,788
Line 31	RENTALS	83,226
Line 32	DEPRECIATION	66,721
Line 33	AMORTIZATION	1,762
Line 34	OTHER	46,062
Line 35	TRANSPORT RELATED EXPENSES	4,583
Line 36	TOTAL OPERATING EXPENSES	1,146,068

OPERATING EXPENSES BY FUNCTIONAL GROUPING

Quarter Ended: June 30, 2000
 Schedule P-7

Air Carrier:
 Operation : Domestic WND

LINE#	DESCRIPTION	(000's) AMOUNT
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Line 2	AIRCRAFT OPER. EXPENSES (DIRECT) Aircraft Operating Expenses	536,690
	SERV., SALES & GEN.OP.(INDIRECT)	
	PASSENGER SERVICE EXPENSE:	
Line 5	Flight Attendant Expense	62,090
Line 6	Food Expense	4,263
Line 7	Other In-Flight Expense	5,935
Line 8	Total Passenger Service Exp.	72,288
	PASSENGER SERVICING EXPENSE:	
Line 10	Line Servicing Expense	62,138
Line 11	Control Expense	4,614
Line 12	Landing Fees	30,788
Line 13	Total Aircraft Servicing Exp.	97,540
	TRAFFIC SERVICING EXPENSE:	
Line 15	Directly Assignable- Psgr.	80,855
Line 16	Directly Assignable- Cargo	6,990
Line 17	Not Directly Assignable	6
Line 18	Total Traffic Servicing Exp.	87,851
	RESERVATIONS AND SALES EXPENSE:	
Line 20	Directly Assignable- Psgr.	113,543
Line 21	Directly Assignable- Cargo	190
Line 22	Not Directly Assignable	15,283
Line 23	Total Reservat. & Sales Exp.	129,016
	ADVERTISING & PUBLICITY EXPENSE:	
Line 25	Directly Assignable- Psgr.	37,748
Line 26	Directly Assignable- Cargo	210
Line 27	Not Directly Assignable	1,240
Line 28	Total Advertising & Prom. Exp	39,198
Line 29	GENERAL & ADMINISTRATIVE EXPENSE	161,732
	MAINT. & DEPREC. -GROUND PROP.&EQ.	
Line 31	Maintenance Ground Prop.&Eqpt.	3,374
Line 32	Depreciation Ground Prop.&Eqpt	13,661
Line 33	Total Maint.&Depr.- Ground P&E	17,035
Line 34	DEPR. EXPENSE - MAINTENANCE EQ.	135
Line 35	AMORT. (OTHER THAN FLIGHT EQ.)	0
Line 36	TOTAL SVCING,SALES & GEN.OP.EXP.	604,795
Line 37	TRANSPORT RELATED EXPENSES	4,583
Line 38	TOTAL OPERATING EXPENSES	1,146,068