



SOUTHWEST AIRLINES CO.

Michael G. Van de Ven  
Executive VP & Chief Operating  
Officer

P.O. Box 36611  
Dallas, TX 75235-1611  
(214) 792-4740

May 9, 2012

Jerome Randolph Babbitt  
425 Massachusetts Ave NW  
Suite 1006  
Washington, DC 20001

**RE: Consulting Services Agreement**

Dear Randy:

Southwest Airlines Co. ("Southwest") is pleased to engage you as a consultant to Southwest under the following terms and conditions:

1. Term; Termination. Unless earlier terminated pursuant to the provisions hereof, the term of the engagement will commence on June 1, 2012, and will end on December 31, 2012. Notwithstanding the foregoing or any other provision of this agreement, either party shall have the right to terminate this engagement at any time and without cause upon 30 days' written notice. In addition, either party shall have the right to terminate this agreement immediately if the other party hereto: (a) breaches any material obligation under this Agreement and does not cure the same to the reasonable satisfaction of the other party within 30 days after notice of such breach; (b) fails to comply with any material requirement of this agreement as to confidentiality or proprietary nature of any material covered hereby or provided hereunder, or (c) becomes insolvent or bankrupt however evidenced.

2. Scope of Engagement; Payments. During the term of this engagement, you will consult with Southwest as requested by Southwest on issues relating to our labor contracts including negotiation support, industry analysis, and competitive positioning. Upon reasonable request of Southwest, you agree to provide Southwest with such additional services, which are beyond the scope of the services set forth herein, on such terms as shall be mutually agreed upon by you and Southwest. Any such additional services will be described in an addendum to this engagement letter. Nothing in this engagement letter is intended to prevent you from performing consulting or other services for any other entity; provided that during the term of this engagement, you will not perform work with another commercial airline that could present a conflict of interest without prior discussion with and explicit approval by Southwest. In addition to the Consulting Fee described below, Southwest will pay your reasonable and necessary travel-related expenses related to this engagement upon presentation of proper invoices documenting such expenses.

During the term, you agree to devote a minimum of two working days per week to this engagement. As compensation for your services, Southwest shall pay you a rate of \$4,000 per day (the "Consulting Fee") monthly in arrears, with the first Consulting Fee paid on July 1, 2012 for services performed in June 2012. Thereafter, Southwest shall pay you the Consulting Fee on the first day of each month during the term of this engagement. You agree that you will not provide more than eight days of service to Southwest in any one month without the prior approval of Southwest. Payment of the Consulting Fee shall be made in a manner mutually agreed to by you and Southwest, either by wire transfer or by check.

3. Independent Contractor. The relationship between you and Southwest at all times during the term of this engagement shall be that of an "Independent Contractor" and you agree that at all times you will be the employer of any personnel in the performance of the services under this engagement. Any such employees shall not be considered to be the agents or employees of Southwest in any respect. Nothing in this letter

agreement shall be interpreted or construed as creating or establishing the relationship of employer and employee between you and Southwest. You acknowledge and agree that the Consulting Fee is the only payment to be made by Southwest to you and that you shall not be entitled to participate in health or disability insurance, retirement benefits, or other welfare or pension benefits (if any) to which employees of Southwest may be entitled. You acknowledge that you are not an agent or employee of Southwest in performing this agreement. You will not do anything that could cause any third party to consider you anything other than an independent contractor.

4. Confidentiality. For the purposes of this letter agreement, the term "Confidential Information" shall mean all business, technical or financial data, maintenance information or data, information, processes and trade secrets, research, development and business activities, whether in written, oral, or other form, including but not limited to, methods of doing business, which are treated or identified as confidential or proprietary by Southwest or the disclosure of which might reasonably be construed to be contrary to the interest of Southwest. Except as otherwise provided herein, you agree that all Confidential Information communicated to you by Southwest, whether before or after the date hereof, will be deemed to have been received in strict confidence, will be used only for purposes contemplated by this agreement, and you will use reasonable means to prevent the disclosure and to protect the confidentiality thereof. No such Confidential Information shall be disclosed by you, your agents, representatives or employees without the prior written consent of Southwest. The foregoing shall not prevent you from disclosing information which (a) becomes publicly available other than as a result of a disclosure by you or your employees, agents, or other persons to whom you have disclosed such information; (b) was available to you on a non-confidential basis prior to its disclosure to you by Southwest provided that such prior disclosure and its non-confidential status are evidenced in writing; or (c) becomes available to you on a non-confidential basis from a source other than Southwest, provided that such source is not bound by a confidentiality agreement with Southwest. The provisions of this section shall survive the termination or expiration of this letter agreement for any reason whatsoever.

5. Governing Law. This letter agreement shall be construed, and the legal relations between the parties determined, in accordance with the laws of the State of Texas without regard to the conflicts of laws provisions thereof. Any action brought in connection with this Agreement shall be brought in the courts of the State of Texas located in the County of Dallas and the parties hereby irrevocably consent to the jurisdiction of such courts.

Sincerely,

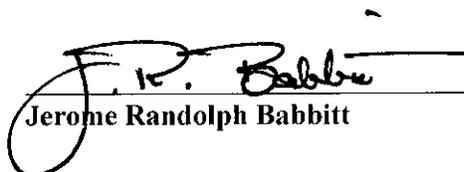
Southwest Airlines Co.

By: 

Michael G. Van de Ven

Executive Vice President & Chief Operating Officer

**ACKNOWLEDGED AND AGREED:**

  
Jerome Randolph Babbitt