SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

Current Report Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 15, 2004

SOUTHWEST AIRLINES CO.
(Exact name of registrant as specified in its charter)

TEXAS
(State or other jurisdiction of incorporation)

1-7259	74-1563240
(Commission File Number)	(IRS Employer Identification No.)

P. O. Box 36611, Dallas, Texas	75235-1611
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (214) 792-4000

N/A
(Former name or former address, if changed since last report)

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Item 5. Other Events and Regulation FD Disclosure.

On July 15, 2004, the Registrant issued a press release announcing that its Vice Chairman of the Board and CEO, James F. Parker had retired, effective July 15, 2004. Mr. Parker is succeeded by the Company's Executive Vice President - Chief Financial Officer, Gary Kelly, who is in turn succeeded by Laura Wright, the Company's Vice President - Finance and Treasurer. The press release is furnished herewith as Exhibit 99.2 and is incorporated hereby by reference.

Item 12. Results of Operations and Financial Condition.

On July 15, 2004, the Registrant issued a press release announcing its financial results for the second quarter of 2004. The press release is furnished herewith as Exhibit 99.1 and is incorporated herein by reference.

The information furnished in Items 5 and 12 shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall such information be deemed incorporated by reference in any filing under the Securities Exchange Act of 1933, as amended, regardless of any general incorporation language in such filing, except as shall be expressly set forth by specific reference in such filing.

SIGNATURES

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.

SOUTHWEST AIRLINES CO.
(Registrant)

By: /s/ Gary C. Kelly
Gary C. Kelly
Chief Executive Officer and
Vice Chairman of the Board
of Directors

Date: July 15, 2004

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INDEX TO EXHIBITS

Exhibit No.	Exhibit
<S>	<C>
99.1	Registrant's Second Quarter 2004 Earnings Release.
99.2	Press release announcing Executive Changes.

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Exhibit 99.1

CONTACT: Investor Relations (214) 792-4415

SOUTHWEST AIRLINES REPORTS SECOND QUARTER EARNINGS

DALLAS, TEXAS - July 15, 2004 -- Southwest Airlines' net income for second quarter 2004 was $113 million, compared to second quarter 2003 net income of $246 million. Net income per diluted share was $.14 for second quarter 2004, compared to $.30 for second quarter 2003. The Company's second quarter 2003 net income included the impact of a $271 million government grant (or $143 million net of profitsharing and income tax effects). Excluding the impact of the government grant, second quarter 2003 net income was $103 million, or $.13 per diluted share.

The second quarter 2004 results included the following two charges:

- an $11 million expense (or $6 million net of profitsharing and income tax effects) for costs associated with Southwest's recent voluntary company-wide early out offer,
- a $12 million expense (or $6 million net of profitsharing and income tax effects), for pay, per diem, and benefit increases retroactive to May 2002 associated with the June 2004 tentative contract agreement reached with TWU Local 556, the union representing Southwest's 7,400 Flight Attendants.

Government Grant

Pursuant to the April 2003 Emergency Wartime Supplemental Appropriations Act, the Company received a $271 million cash payment from the U.S. government (government grant), which was recognized as "Other gains" in its unaudited Condensed Consolidated Statement of Income for second quarter 2003. This item resulted in an increase of approximately $41 million to Employee profitsharing expense.

The Company believes it is helpful to management and investors to evaluate ongoing operational performance and trends by excluding the prior year government grant for comparative purposes. A reconciliation of key financial measures excluding the impact of this item is included in this release, pursuant to Regulation G issued by the Securities and Exchange Commission.

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Operating Results

Total operating revenues for second quarter 2004 increased 13.3 percent to $1.72 billion, compared to $1.52 billion for second quarter 2003. Revenue passenger miles (RPMs) increased 14.1 percent in second quarter 2004, compared to a 4.9 percent increase in available seat miles (ASMs), resulting in a load factor of 76.3 percent versus the second quarter 2003 load factor of 70.1 percent. The passenger revenue yield per RPM decreased 1.1 percent year-over-year to 11.54 cents. Operating revenue per ASM (RASM) increased 7.9 percent year-over-year to 9.14 cents.

Total second quarter 2004 operating expenses were $1.52 billion, an increase of 10.5 percent, compared to $1.38 billion for second quarter 2003. Excluding the profitsharing impact of the government grant, operating expenses were $1.33 billion in second quarter 2003. Operating expenses per ASM (CASM) for second quarter 2004 increased 5.3 percent, to 8.09 cents, from 7.68 cents in second quarter 2003. Excluding the profitsharing impact of the government grant, CASM for second quarter 2003 was 7.46 cents. In addition to the expenses associated with the Company's early out offer, tentative agreement with its Flight Attendants, and significantly higher jet fuel prices, the CASM increase was driven by higher labor, aircraft maintenance, and advertising costs. Although the Company's hedging program resulted in the recognition of $87 million and $36 million in effective hedging gains in second quarter "Fuel and oil" expense in 2004 and 2003, respectively, average jet fuel cost per gallon increased 21.5 percent to 81.9 cents from 67.4 cents in second quarter 2003.

Operating income for second quarter 2004 was $197 million, an increase of 40.7 percent, compared to $140 million for second quarter 2003. Excluding the profitsharing impact of last year's government grant, operating income increased 8.8 percent in second quarter 2004 from $181 million in second quarter 2003.

"Other expenses" was $18 million for second quarter 2004 versus "other income" of $257 million for second quarter 2003. The $275 million swing in "other expenses" primarily resulted from the government grant in second quarter 2003.

James F. Parker, Vice Chairman and Chief Executive Officer, stated: "Southwest Airlines is grateful to report its 53rd consecutive quarterly profit. Excluding the impact of last year's government grant, our second quarter earnings of $113 million were up 9.7 percent over second quarter 2003 earnings of $103 million. This increase was achieved despite significantly higher jet fuel prices; the Company's July early out offer, which was accepted by over 1,000 Employees; and additional expenses associated with the tentative agreement with our Flight Attendants. This earnings growth was driven by a

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welcomed improvement in revenues, which increased 13.3 percent versus a year ago, or 7.9 percent per unit (ASM) to 9.14 cents.

"Considering the difficult airline industry revenue environment, we are pleased with our second quarter revenue and traffic results. Our 2004 load factor increased 6.2 points to 76.3 percent and was a record performance. Thus far, favorable load factors and unit revenue trends have continued in July. Bookings for the remainder of July and August are also strong due to high demand for vacation travel. Bookings for September are building nicely as a result of recent fare sales. Based on these trends, we expect year-over-year unit revenue growth, again, in third quarter 2004, although at a slower pace than second quarter due to toughening comparisons. We also expect third quarter 2004's unit revenue to be below second quarter 2004 RASM of 9.14 cents, which is consistent with historical seasonal trends.

"As anticipated, our unit costs rose in second quarter 2004 and were higher than budgeted due to higher than expected fuel prices, the Company's early out offer, and higher pay, per diem, and benefit increases retroactive to May 2002 associated with our Flight Attendants. Based on current plans and barring any unforeseen events, third and fourth quarter 2004 unit costs will decline from first half 2004 levels.

"We continue to mitigate high energy costs with our successful hedging program and fuel efficiency efforts. We are over 80 percent hedged for the remainder of 2004 with prices capped below $24 per barrel. We are also 80 percent hedged for 2005 with prices capped at approximately $25 per barrel and approximately 45 percent hedged for 2006 with prices capped at around $28 per barrel.

"Based on our current revenue and cost outlook and barring any unforeseen event, we expect third quarter 2004 earnings to exceed third quarter 2003 earnings of $106 million.

"We are excited about our future growth opportunities and recently exercised options to acquire three more 737-700s in 2005, which brings our current 2005 firm aircraft orders to 34. We are thrilled with the Customer response to our Philadelphia service, which thus far, has been our best start-up ever."

Net cash provided by operations was $847 million and capital expenditures were $870 million for the six months ended June 30, 2004. We ended second quarter 2004 with $1.8 billion cash on hand. During second quarter 2004, we fully replaced our unsecured revolving credit line of $575

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million, which now expires April 2007. The Company also repurchased approximately 686,000 of its common shares during second quarter 2004, bringing the total to 9.2 million shares, or $136 million, pursuant to the Company's previously announced $300 million repurchase program.

Total operating revenues for the six months ended June 30, 2004 increased 11.7 percent to $3.2 billion while total operating expenses increased 10.3 percent to $2.96 billion, resulting in operating income in first half 2004 of $243 million versus $186 million in first half 2003. Excluding the profitsharing impact of last year's government grant, first half 2004 operating expenses increased 12.1 percent to $2.96 billion from $2.64 billion in first half 2003, resulting in a 7.0 percent increase in first half 2004 operating income to $243 million from $227 million in first half 2003. Net income for first half 2004 was $139 million ($.17 per diluted share) versus $270 million ($.33 per diluted share) for first half 2003. Excluding the impact of last year's government grant, first half 2004 net income increased 9.4 percent to $139 million from $127 million ($.16 per diluted share) in first half 2003.

Southwest Airlines will conduct a conference call to discuss its quarterly earnings today at 2:30 p.m. Eastern Time. A live broadcast of the conference call will be available at southwest.com.

This news release contains forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. All forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from the plans, intentions, and expectations reflected in or suggested by the forward-looking statements. Additional information concerning the factors which could cause actual results to differ materially from the forward-looking statements is contained in the Company's periodic filings with the Securities and Exchange Commission, including without limitation, the Company's Annual Report on Form 10-K for the year ended 2003. The Company undertakes no obligation to publicly update or revise any forward-looking statements to reflect events or circumstances that may arise after the date of this press release.

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SOUTHWEST AIRLINES CO.
CONDENSED CONSOLIDATED STATEMENT OF INCOME
(unaudited)

(in millions except per share amounts)	Three months ended June 30, 2004	2003	Percent Change	Six months ended June 30, 2004	2003	Percent Change
OPERATING REVENUES:						
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Passenger	$1,654	$1,465	12.9	$3,082	$2,771	11.2
Freight	28	25	12.0	54	47	14.9
Other	34	25	36.0	64	48	33.3
Total operating revenues	1,716	1,515	13.3	3,200	2,866	11.7
OPERATING EXPENSES:						
Salaries, wages, and benefits	622	587	6.0	1,212	1,103	9.9
Fuel and oil	246	194	26.8	476	402	18.4
Maintenance materials and repairs	124	104	19.2	238	210	13.3
Agency commissions	-	13	(100.0)	2	25	(92.0)
Aircraft rentals	44	46	(4.3)	89	91	(2.2)
Landing fees and other rentals	99	91	8.8	202	181	11.6
Depreciation	107	95	12.6	209	188	11.2
Other operating expenses	277	245	13.1	529	480	10.2
Total operating expenses	1,519	1,375	10.5	2,957	2,680	10.3
OPERATING INCOME	197	140	40.7	243	186	30.6
OTHER EXPENSES (INCOME):						
Interest expense	22	23	(4.3)	40	49	(18.4)
Capitalized interest	(10)	(8)	25.0	(20)	(15)	33.3
Interest income	(5)	(7)	(28.6)	(9)	(12)	(25.0)
Other (gains) losses, net	11	(265)	n.a.	12	(272)	n.a.
Total other expenses (income)	18	(257)	n.a.	23	(250)	n.a.
INCOME BEFORE INCOME TAXES	179	397	(54.9)	220	436	(49.5)
PROVISION FOR INCOME TAXES	66	151	(56.3)	81	166	(51.2)
NET INCOME	$113	$246	(54.1)	$139	$270	(48.5)
NET INCOME PER SHARE:						
Basic	$ .14	$ .32	(56.3)	$ .18	$ .35	(48.6)
Diluted	$ .14	$ .30	(53.3)	$ .17	$ .33	(48.5)
WEIGHTED AVERAGE SHARES OUTSTANDING:						
Basic	784	780		785	779	
Diluted	817	820		817	814	

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SOUTHWEST AIRLINES CO.
RECONCILIATION OF REPORTED AMOUNTS TO NON-GAAP ITEMS (SEE NOTE)
(unaudited)

(In millions, except per share amounts)	Three months ended June 30, 2004	2003	Percent Change	Six months ended June 30, 2004	2003	Percent Change
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Operating expenses, as reported	$1,519	$1,375		$2,957	$2,680	
Profitsharing impact of government grant		(41)			(41)	
Operating expenses, excluding grant impact	$1,519	$1,334	13.9	$2,957	$2,639	12.1
Operating income, as reported	$197	$140		$243	$186	
Profitsharing impact of government grant		41			41	
Operating income, excluding grant impact	$197	$181	8.8	$243	$227	7.0
Net income, as reported	$113	$246		$139	$270	
Government grant, net of income taxes and profitsharing		(143)			(143)	
Net income, excluding grant impact	$113	$103	9.7	$139	$127	9.4
Net income per share, diluted, as reported	$.14	$.30		$.17	$.33	
Government grant, net of income taxes and profitsharing		(.17)			(.17)	
Net income per share, diluted, excluding grant impact	$.14	$.13	7.7	$.17	$.16	6.3

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NOTE: The above schedule reconciles the financial measures, excluding the government grant, included in this press release to the most comparable GAAP financial measures.   The $271 million government grant was received in second quarter 2003 pursuant to the April 2003 Emergency Wartime Supplemental Appropriations Act. The $271 million government grant was received as a result of the war with Iraq and was recorded in "Other gains."

In management's view, comparative analysis of results can be enhanced by excluding the impact of this item. The item is not indicative of the Company's operating performance for that period, nor should it be considered in developing trend analysis for future periods.

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SOUTHWEST AIRLINES CO.
COMPARATIVE CONSOLIDATED OPERATING STATISTICS
(unaudited)

	Three months ended June 30, 2004	2003	Change
Revenue passengers carried	18,863,975	17,063,283	10.6 %
Enplaned passengers	21,627,986	19,446,533	11.2 %
Revenue passenger miles (RPMs) (000s)	14,325,737	12,550,665	14.1 %
Available seat miles (ASMs) (000s)	18,773,522	17,893,765	4.9 %
Load factor	76.3%	70.1%	6.2 pts.
Average length of passenger haul (miles)	759	736	3.1 %
Average aircraft stage length (miles)	571	556	2.7 %
Trips flown	242,386	237,518	2.0 %
Average passenger fare	$87.67	$85.87	2.1 %
Passenger revenue yield per RPM (cents)	11.54	11.67	(1.1)%
Operating revenue yield per ASM (cents)	9.14	8.47	7.9 %
Operating expenses per ASM (cents)	8.09	7.68	5.3 %
Operating expenses per ASM, excluding government grant (cents)	8.09	7.46^	8.4 %
Operating expenses per ASM, excluding fuel (cents)	6.79	6.60	2.9 %
Operating expenses per ASM, excluding fuel and government grant (cents)	6.79	6.37^	6.6 %
Fuel costs per gallon, excluding fuel tax (cents)	81.9	67.4	21.5 %
Fuel consumed, in gallons (millions)	298	286	4.2 %
Number of Employees at period-end	31,408	32,902	(4.5)%
Size of fleet at period-end	405	379	6.9 %

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^ Amounts exclude profitsharing impact of $271 million government grant.
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	Six months ended June 30, 2004	2003	Change
Revenue passengers carried	34,859,036	32,140,820	8.5 %
Enplaned passengers	39,818,390	36,616,105	8.7 %
Revenue passenger miles (RPMs) (000s)	26,118,160	23,446,366	11.4 %
Available seat miles (ASMs) (000s)	37,155,115	35,292,897	5.3 %
Load factor	70.3%	66.4%	3.9 pts.
Average length of passenger haul (miles)	749	729	2.7 %
Average aircraft stage length (miles)	570	554	2.9 %
Trips flown	480,855	470,605	2.2 %
Average passenger fare	$88.41	$86.23	2.5 %
Passenger revenue yield per RPM (cents)	11.80	11.82	(0.2)%
Operating revenue yield per ASM (cents)	8.61	8.12	6.0 %
Operating expenses per ASM (cents)	7.96	7.59	4.9 %
Operating expenses per ASM, excluding government grant (cents)	7.96	7.48^	6.4 %
Operating expenses per ASM, excluding fuel (cents)	6.68	6.45	3.6 %
Operating expenses per ASM, excluding fuel and government grant (cents)	6.68	6.34^	5.4 %
Fuel costs per gallon, excluding fuel tax (cents)	80.8	71.0	13.8 %
Fuel consumed, in gallons (millions)	585	563	3.9 %
Number of Employees at period-end	31,408	32,902	(4.5)%
Size of fleet at period-end	405	379	6.9 %

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^ Amounts exclude profitsharing impact of $271 million government grant.

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SOUTHWEST AIRLINES CO.
CONDENSED CONSOLIDATED BALANCE SHEET
(unaudited)

(in millions)	June 30, 2004	December 31, 2003
<S>	<C>	<C>
ASSETS		
Current assets:		
Cash and cash equivalents	$1,768	$1,865
Accounts and other receivables	222	132
Inventories of parts and supplies, at cost	108	93
Fuel hedge contracts	315	164
Prepaid expenses and other current assets	58	59
Total current assets	2,471	2,313
Property and equipment, at cost:		
Flight equipment	9,242	8,646
Ground property and equipment	1,142	1,117
Deposits on flight equipment purchase contracts	886	787
	11,270	10,550
Less allowance for depreciation	3,198	3,107
	8,072	7,443
Other assets	270	122
	$10,813	$9,878
LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$464	$405
Accrued liabilities	870	650
Air traffic liability	658	462
Income taxes payable	-	-
Current maturities of long-term debt	317	206
Total current liabilities	2,309	1,723
Long-term debt less current maturities	1,239	1,332
Deferred income taxes	1,649	1,420
Deferred gains from sale and leaseback of aircraft	160	168
Other deferred liabilities	202	183
Stockholders' equity:		
Common stock	790	789
Capital in excess of par value	263	258
Retained earnings	3,979	3,883
Accumulated other comprehensive income	287	122
Treasury stock, at cost	(65)	-
Total stockholders' equity	5,254	5,052
	$10,813	$9,878

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SOUTHWEST AIRLINES CO.
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(unaudited)

	Three months ended June 30,		Six months ended June 30,	
(in millions)	2004	2003	2004	2003
<S>	<C>	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income	$113	$246	$139	$270
Adjustments to reconcile net income to cash provided by operating activities:				
Depreciation and amortization	107	95	209	188
Deferred income taxes	66	136	81	148
Amortization of deferred gains on sale and leaseback of aircraft	(4)	(4)	(8)	(8)
Amortization of scheduled airframe inspections & repairs	13	12	27	24
Changes in certain assets and liabilities:				
Accounts and other receivables	(4)	31	(50)	47
Other current assets	3	(7)	(11)	(8)
Accounts payable and accrued liabilities	160	59	282	52
Air traffic liability	(42)	40	197	163
Income taxes payable	-	11	-	11
Other	18	19	(19)	18
Net cash provided by operating activities	430	638	847	905
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchases of property and equipment, net	(511)	(325)	(870)	(518)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Issuance of long-term debt	29	-	58	-
Proceeds from Employee stock plans	27	20	40	32
Payments of long-term debt and capital lease obligations	(13)	(14)	(21)	(20)
Payments of cash dividends	(4)	(4)	(11)	(11)
Repurchase of common stock	(11)	-	(136)	-
Other, net	(3)	-	(4)	1
Net cash provided by (used in) financing activities	25	2	(74)	2
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(56)	315	(97)	389
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,824	1,889	1,865	1,815
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$1,768	$2,204	$1,768	$2,204

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Southwest Airlines Co.
Boeing 737-700 Delivery Schedule
As of July 15, 2004

	Prior Schedule		Current Schedule	
	Firm	Options*	Firm	Options*
<S>	<C>	<C>	<C>	<C>
2004	47	-	47**	-
2005	31	3	34	-
2006	22	12	22	12
2007	25	29	25	29
2008	6	45	6	45
2009-2012	-	177	-	177
Total	131	266	134	263

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*Includes purchase rights

**22 aircraft were received during first half 2004, including one leased aircraft

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Exhibit 99.2

SOUTHWEST AIRLINES ANNOUNCES EXECUTIVE CHANGES

DALLAS-July 15, 2004- Southwest Airlines today announced that its Vice Chairman of the Board and CEO, James F. Parker, had, for personal reasons, retired effective today as CEO of Southwest and as a member of the Southwest Board of Directors.

Herb Kelleher, Chairman of the Southwest Airlines Board, stated that Jim Parker's decision was accepted by the Board with both deep regret and profound gratitude to Jim for his many significant contributions to the success of Southwest and the wellbeing of its People over the course of the last 18 years: "Our entire Board salutes Jim for his myriad accomplishments and for being an outstanding individual," Kelleher said. "We will all greatly miss him."

Kelleher also announced that Gary Kelly, 49, had been selected by the Board of Directors to succeed Parker as Vice Chairman of the Board and CEO, as well as a member of the Board of Directors. Kelly has served as Southwest's Executive Vice President and CFO since 2001, and joined Southwest as its Controller in 1986, becoming Vice President Finance and CFO in 1989.

Kelleher said: "Gary Kelly is one of our brightest stars, well respected throughout the industry and well known, over more than a decade, to the media, analyst, and investor communities for his excellence. As part of our Board's succession planning, we had already focused on Gary as Jim Parker's successor, and that process has simply been accelerated by Jim's personal decision to retire. Under Gary's leadership, Southwest has achieved the strongest balance sheet in the American airline industry; the best fuel hedging position in our industry; and tremendous progress in technology."

Kelleher further announced that Laura Wright, currently Vice President Finance and Treasurer, would succeed Gary Kelly as Southwest's CFO. Laura joined Southwest in 1988 and since 1998 has been primarily responsible for Southwest's overall corporate finance strategy; its capital market and aircraft financing activities; new and used aircraft acquisitions; corporate tax and insurance programs; cash management and investing functions; and stock option programs.

Kelleher stated: "Laura Wright is another shining star, who is also respected throughout our industry and well known to the analyst, investor, and vendor communities for her acumen and business judgment. We are indeed fortunate to have such an experienced and truly talented successor to Gary Kelly as our CFO."

Kelleher closed by emphasizing that Gary Kelly and Laura Wright take on their additional responsibilities with many years of experience at Southwest and that each has been responsible for major project development, planning, and implementation; each has served on (or chaired) major committees throughout their respective tenures with the Company; each has had significant budget and People leadership responsibilities; each has made major contributions to the evolving philosophies and strategies of the Company; and each subscribes to the Company's Mission Statement as well as to its longheld Core Values. Kelleher stated, "Although I personally regret Jim Parker's decision to retire, I am also exceedingly pleased that Southwest has the demonstrated depth of management talent and leadership capability that will enable our Shareholders, Employees, and Customers to continue to be proud to be a part of the ongoing Southwest Airlines story of success through Legendary Customer Service."

www.southwest.com

Media Please Contact: Public Relations at 214/792-4847
Photos and bios are available at http://www.southwest.com