

UNITED STATES
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): December 14, 2006



Southwest Airlines Co.

(Exact name of registrant as specified in its charter)

Texas

1-7259

74-1563240

(State or other jurisdiction
of incorporation)

(Commission
File Number)

(I.R.S. 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

Not Applicable

Former name or former address, if changed since last report

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:

- ☐ 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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Item 1.01 Entry into a Material Definitive Agreement.

On December 14, 2006, Southwest Airlines Co. (the "Company") completed the public offering of \$300,000,000 aggregate principal amount of the Company's 5 3/4% Notes due 2016 (the "Notes"). The Notes were issued under the Indenture, dated as of September 17, 2004 (the "Indenture") between the Company and Wells Fargo Bank, N.A., as trustee. A form of the Indenture was filed with the Securities and Exchange Commission (the "Commission") as Exhibit 4.1 to the Company's shelf registration statement (the "Registration Statement") on Form S-3 (Registration No. 333-100861), filed with the Commission on October 30, 2002. The form of the Notes issued pursuant to the Indenture is filed herewith as Exhibit 4.1, and the terms and conditions thereof are incorporated by reference herein.

Each of the Indenture and the form of the Notes is also filed with reference to, and is hereby incorporated by reference into, the Registration Statement.

The material terms of the Notes are described in the prospectus supplement, dated December 11, 2006, as filed by the Company with the Commission on December 12, 2006 pursuant to Rule 424(b)(5) under the Securities Act of 1933, which relates to the offer and sale of the Notes and supplements the prospectus dated November 7, 2002. The Notes have been issued pursuant to the Registration Statement.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information set forth in Item 1.01 of this Current Report on Form 8-K is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

4.1 Form of Global Security representing all 5 3/4% Notes due 2016.

5.1 Opinion of Vinson & Elkins L.L.P. as to the validity of the Notes.

5.2 Consent of Vinson & Elkins L.L.P. (included in Exhibit 5.1).

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 hereunto duly authorized.

SOUTHWEST AIRLINES CO.

December 14, 2006

By /s/ Deborah Ackerman

Deborah Ackerman
Vice President-General Counsel

Exhibit Index

Exhibit No.	Description
4.1	Form of 5 ¾% Notes Due 2016 of the Company
5.1	Opinion of Vinson & Elkins L.L.P. as to the validity of the Notes.
5.2	Consent of Vinson & Elkins L.L.P. (included in Exhibit 5.1)

THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE OF A DEPOSITARY. THIS SECURITY IS EXCHANGEABLE FOR SECURITIES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITARY OR ITS NOMINEE ONLY IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE, AND, EXCEPT IN SUCH LIMITED CIRCUMSTANCES, MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR OF THE DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR.

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Company or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

SOUTHWEST AIRLINES CO.

5 3/4% Note Due 2016

No. GS-1CUSIP #844741AY4

Southwest Airlines Co., a corporation duly organized and existing under the laws of Texas (herein called the "Company", which term includes any successor corporation under the Indenture hereinafter referred to), for value received, hereby promises to pay to Cede & Co., or registered assigns, the principal sum of THREE HUNDRED MILLION DOLLARS on December 15, 2016, and to pay interest thereon from December 14, 2006 or from the most recent Interest Payment Date (as hereinafter defined) to which interest has been paid or duly provided for, semi-annually in arrears on June 15 and December 15 (each, an "Interest Payment Date") in each year, commencing June 15, 2007, at the rate of 5.75% per annum, until the principal hereof is fully paid or made available for full payment. Interest on this Security shall be computed on the basis of a 360-day year of twelve 30-day months. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, subject to certain exceptions provided in such Indenture, be paid to the person in whose name this Security is registered on the Security register or registers of the Company at the close of business on June 1 or December 1 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

Payment of the principal of and interest on this Security will be made in such immediately available funds of the United States of America as at the time of payment are legal tender for payment of public and private debts.

Reference is hereby made to the further provisions of this Security set forth below, which further provisions shall for all purposes have the same effect as if set forth in this place.

Unless the certificate of authentication hereon has been executed by the Trustee referred to below by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed under its corporate seal.

Dated: December 14, 2006

SOUTHWEST AIRLINES CO.

December 14, 2006

By:
Senior Vice President - Finance and
Chief Financial Officer

ATTEST:

Treasurer

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated herein referred to in the within-mentioned Indenture.

WELLS FARGO BANK, N.A.,
as Trustee

By:
Authorized Signatory

This Security is one of a duly authorized issue of debt securities of the Company (herein called the “Securities”), issued and to be issued in one or more series under an Indenture, dated as of September 17, 2004 (herein called the “Indenture”), between the Company and Wells Fargo Bank, N.A., as Trustee (herein called the “Trustee”, which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitation of rights, duties and immunities thereunder of the Company, the Trustee and the holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered. This Security is a Global Security representing the entire principal amount of the series designated on the initial page hereof, initially limited in aggregate principal amount to \$300,000,000, but subject to the right of the Company to issue and sell additional Securities in the future without the consent of the holders thereof. Any additional Securities of this series, together with this Security, shall constitute a single series under the Indenture.

The Securities of this series are not subject to any sinking fund.

The Securities of this series shall be redeemable, at the option of the Company, in whole at any time or in part from time to time, on at least 30 days but not more than 60 days’ prior notice mailed to the registered address of each holder of Securities to be so redeemed, at a redemption price equal to the greater of (i) 100% of the principal amount of the Securities to be so redeemed and (ii) the sum of the present values of the remaining scheduled payments of principal of the Securities to be so redeemed and accrued and unpaid interest thereon (exclusive of interest accrued to the redemption date) discounted to the date of redemption, on a semi-annual basis (assuming a 360-day per year consisting of twelve 30-day months), at the Treasury Rate (as defined herein) plus 25 basis points plus, in either case, accrued and unpaid interest thereon to the date of redemption. For purposes of this paragraph, the following definitions shall apply:

“Comparable Treasury Issue” means the United States Treasury security selected by the Quotation Agent as having an actual or interpolated maturity comparable to the remaining term of the Securities of this series to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Securities.

“Comparable Treasury Price” means, with respect to any redemption date, the average of the Reference Treasury Dealer Quotations for such redemption date.

“Quotation Agent” means one of the Reference Treasury Dealers appointed by the Company.

“Reference Treasury Dealer” means each of Barclays Capital Inc. and Citigroup Global Markets Inc. and their respective successors; provided, however, that if either of the foregoing shall cease to be a primary U.S. Government securities dealer in New York City (a “Primary Treasury Dealer”), the Company shall substitute therefor another Primary Treasury Dealer.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer at 3:30 p.m., New York City time, on the third Business Day preceding such redemption date.

“Treasury Rate” means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated yield (on a day count basis) of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date. The Treasury Rate shall be calculated on the third Business Day preceding such redemption date.

The Indenture contains provisions for defeasance of the entire indebtedness of the Securities of this series upon compliance by the Company with certain conditions set forth therein.

If an Event of Default with respect to the Securities of this series shall occur and be continuing, the principal of the Securities of this series may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture contains provisions permitting the Company and the Trustee, with the consent of the holders of not less than 66⅔% in aggregate principal amount of the Securities at the time outstanding of all series to be affected (voting as one class), evidenced as in the Indenture provided, 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 Securities of each such series; provided, however, that no such supplemental indenture shall (i) extend the fixed maturity of any Security, or reduce the principal amount thereof, or reduce the rate or extend the time of payment of any interest thereon, or reduce any amount payable on redemption thereof or impair or affect the right of any Securityholder to institute suit for payment thereof, without the consent of the holder of each Security so affected, or (ii) reduce the percentage of aggregate principal amount of Securities of any series or of all series (voting as one class), as the case may be, the holders of which are required to consent to any such supplemental indenture, without the consent of the holders of all outstanding Securities of each such series so affected.

This Global Security shall be exchangeable for Securities of this series registered in the names of persons other than the Depositary for such Global Security or its nominee only as provided in this paragraph. This Global Security shall be so exchangeable if (x) the Depositary notifies the Company that it is unwilling or unable to continue as Depositary for this Global Security or if at any time such Depositary ceases to be a clearing agency registered as such under the Securities Exchange Act of 1934, and the Company fails to appoint a successor Depositary for this Global Security within 90 days after the Company receives such notice or becomes aware of such event, (y) the Company executes and delivers to the Trustee written instructions that this Global Security shall be so exchangeable or (z) there shall have occurred and be continuing an Event of Default or an event which, with the giving of notice or lapse of time, or both, would constitute an Event of Default with respect to the Securities of this series. Securities so issued in exchange for this Global Security shall be of the same series and of like tenor, in authorized denominations and in the aggregate having the same principal amount as this Global Security and registered in such names as the Depositary for such Global Security shall direct.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security register or registers of the Company, upon surrender of this Security for registration of transfer at the office or agency of the Company in any place where the principal of and interest on this Security are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security registrar, duly executed by the registered holder hereof or its attorney duly authorized in writing, and thereupon on or more new Securities of this series, and of like tenor, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees. At the date of the Indenture such agency of the Company is located at Wells Fargo Bank, N.A., 1445 Ross Ave., Dallas, Texas 75202.

No service charge shall be made for any such exchange or registration of transfer, but the Company or the Securities registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary. All payments made to or upon the order of such registered holder shall, to the extent of the sum or sums paid, effectually satisfy and discharge liability for moneys payable on this Security.

All terms used in this Security that are defined in the Indenture shall have the meanings assigned to them in the Indenture.

The Indenture and the Securities shall be governed by and construed in accordance with the laws of the State of Texas.

[VINSON & ELKINS L.L.P. LETTERHEAD]

December 14, 2006

Southwest Airlines Co.
2702 Love Field Drive
Dallas, Texas

Re: 5 3/4% Notes Due 2016

Ladies and Gentlemen:

We have acted as counsel for Southwest Airlines Co., a Texas corporation (the "Company"), with respect to certain legal matters in connection with the registration by the Company under the Securities Act of 1933 (the "Securities Act") of the offer and sale by the Company from time to time pursuant to Rule 415 under the Securities Act of certain of its debt securities, including \$300,000,000 aggregate principal amount of 5 3/4% Notes Due 2016 (the "Securities").

The Securities were offered and sold on the date hereof pursuant to a prospectus supplement, dated December 11, 2006 and filed with the Securities and Exchange Commission (the "Commission") pursuant to Rule 424(b)5 under the Securities Act on December 12, 2006, to a base prospectus dated November 7, 2002 (such prospectus, as amended and supplemented by the prospectus supplement, the "Prospectus") included in a Registration Statement on Form S-3 (Registration No. 333-100861) filed with the Commission on October 30, 2002 (the "Registration Statement").

We have examined originals or copies, certified or otherwise identified to our satisfaction, of (i) the articles of incorporation and bylaws of the Company, each as amended to the date hereof; (ii) resolutions adopted by the Board of Directors of the Company and the Pricing Committee thereof; (iii) the Prospectus; (iv) the Indenture, dated as of September 17, 2004, between the Company and Wells Fargo Bank, N.A., as trustee (the "Trustee"); and (v) such other certificates, instruments and other documents as we considered appropriate for purposes of the opinions hereafter expressed. In addition, we reviewed such questions of law as we considered appropriate.

As to any facts material to the opinions contained herein and not established by us, we have relied, to the extent that we deem such reliance proper, upon certificates of public officials or officers of the Company.

In connection with rendering the opinions set forth below, we have assumed: (i) all signatures on all documents examined by us are genuine; (ii) all documents submitted to us as originals are authentic, and all documents submitted to us as copies conform to the originals of those documents; (iii) each natural person signing any document reviewed by us had the legal capacity to do so; (iv) each person signing in a representative capacity (other than on behalf of the Company) any document reviewed by us had authority to sign in such capacity; (v) all Securities were issued and sold in compliance with applicable federal and state securities laws and in the manner stated in the Prospectus; and (vi) the Indenture was duly authorized, executed and delivered by the Trustee.

Based on the foregoing, and subject to the assumptions, qualifications, limitations and exceptions set forth herein, we are of the opinion that the Securities have been duly authorized, executed and issued by the Company and, assuming that the Securities have been duly authenticated by the Trustee, they constitute valid and binding obligations of the Company, enforceable against the Company in accordance with their terms.

The foregoing opinion is qualified to the extent that the enforceability of any document, instrument or security may be limited by or subject to bankruptcy, insolvency, fraudulent transfer or conveyance, reorganization, moratorium or other similar laws relating to or affecting creditors' rights generally, and general equitable or public policy principles.

We express no opinions concerning (i) the validity or enforceability of any provisions contained in the Indenture that purport to waive or not give effect to rights to notices, defenses, subrogation or other rights or benefits that cannot be effectively waived under applicable law or (ii) the enforceability of indemnification provisions to the extent they purport to relate to liabilities resulting from or based upon negligence.

The foregoing opinions are limited in all respects to the laws of the State of Texas and the federal laws of the United States of America, and we do not express any opinions as to the laws of any other jurisdiction.

We hereby consent to the filing of this opinion as an exhibit to the Company's Current Report on Form 8-K. By giving such consent, we do not admit that we are within the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations of the Commission issued thereunder.

Very truly yours,

/s/ Vinson & Elkins L.L.P.

Vinson & Elkins L.L.P.