

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED
June 30, 1996 OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM
TO

Commission file No. 1-7259

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

TEXAS 74-1563240
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

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

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

Indicate by check mark whether the registrant (1) has filed all
reports required to be filed by Section 13 or 15(d) of the
Securities Exchange Act of 1934 during the preceding 12 months
(or for such shorter period that the registrant was required to
file such reports), and (2) has been subject to such filing
requirements for the past 90 days. Yes X No .

Indicate the number of shares outstanding of each of the issuer's
classes of common stock, as of the latest practicable date.

Number of shares of Common Stock outstanding as of the close
of business on August 9, 1996:

144,915,798

SOUTHWEST AIRLINES CO.
FORM 10-Q
Part I - FINANCIAL INFORMATION
Item 1. Financial Statements
Southwest Airlines Co.
CONDENSED CONSOLIDATED BALANCE SHEET
(in thousands)
(unaudited)

<TABLE>

<CAPTION>

<S> June 30, 1996 December 31, 1995
<C> <C>

ASSETS

Current assets:

Cash and cash equivalents	\$478,285	\$317,363
Accounts receivable	98,963	79,781
Inventories of parts and supplies	49,857	41,032
Deferred income taxes	11,289	10,476
Prepaid expenses and other current assets	26,159	24,484
Total current assets	664,553	473,136

Property and equipment:

Flight equipment	3,297,951	3,024,702
Ground property and equipment	478,998	435,822
Deposits on flight equipment purchase contracts	229,323	323,864
	4,006,272	3,784,388
Less allowance for depreciation	1,102,754	1,005,081
	2,903,518	2,779,307

Other assets	3,441	3,679
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\$3,571,512 \$3,256,122

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Accounts payable	\$107,545	\$116,530
Accrued liabilities	423,024	349,419
Air traffic liability	216,110	131,156
Current maturities of long-term debt	11,618	13,516
Total current liabilities	758,297	610,621
Long-term debt less current maturities	655,726	661,010
Deferred income taxes	309,961	281,650
Deferred gains from sale and leaseback of aircraft	257,425	245,154
Other deferred liabilities	36,192	30,369
Stockholders' equity:		
Common Stock	144,790	144,033
Capital in excess of par value	173,402	162,704
Retained earnings	1,235,719	1,120,581
Total stockholders' equity	1,553,911	1,427,318
	\$3,571,512	\$3,256,122

</TABLE>

See accompanying notes.

Southwest Airlines Co.
CONDENSED CONSOLIDATED STATEMENT OF INCOME
(in thousands except per share amounts)
(unaudited)

<TABLE>

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	Three months ended June 30,		Six months ended June 30,	
	1996	1995	1996	1995
<S>	<C>	<C>	<C>	<C>
Operating revenues:				
Passenger	\$876,322	\$710,275	\$1,617,422	\$1,307,103
Freight	20,011	16,120	38,991	31,005
Other	13,975	11,810	26,424	21,096
Total operating revenues	910,308	738,205	1,682,837	1,359,204
Operating expenses:				
Salaries, wages, and benefits	258,078	217,258	495,443	420,830
Fuel and oil	115,652	88,880	219,519	172,056
Maintenance materials and repairs	66,834	52,580	129,033	104,253
Agency commissions	37,576	31,230	69,402	60,745
Aircraft rentals	45,922	42,065	90,919	80,480
Landing fees and other rentals	45,401	39,443	90,844	79,976
Depreciation	46,111	38,209	90,125	75,556
Other operating expenses	152,528	125,115	297,953	238,474
Total operating expenses	768,102	634,780	1,483,238	1,232,370
Operating income	142,206	103,425	199,599	126,834
Other expenses (income):				
Interest expense	15,022	15,087	29,924	28,773
Capitalized interest	(5,817)	(8,415)	(12,721)	(16,900)
Interest income	(5,345)	(5,518)	(9,398)	(7,410)
Nonoperating losses (gains), net	(1,643)	1,470	(2,966)	1,536
Total other expenses	2,217	2,624	4,839	5,999
Income before income taxes	139,989	100,801	194,760	120,835
Provision for income taxes	54,673	41,077	76,443	49,285
Net income	\$85,316	\$59,724	\$118,317	\$ 71,550
Weighted average common and common equivalent shares outstanding	153,675	147,348	153,039	146,940

Net income per common and common equivalent share	\$.56	\$.41	\$.77	\$.49
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</TABLE>

See accompanying notes.

Southwest Airlines Co.
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(in thousands)
(unaudited)

<TABLE>
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	Three months ended June 30,		Six months ended June 30,	
	1996	1995	1996	1995
<S>	<C>	<C>	<C>	<C>
Net cash provided by operating activities	\$222,176	\$193,792	\$363,891	\$298,203
Investing activities:				
Net purchases of property and equipment	(201,393)	(157,012)	(333,747)	(358,286)
Financing activities:				
Issuance of long-term debt	-	-	-	98,811
Payment of long-term debt and capital lease obligations	(1,498)	(1,615)	(8,056)	(5,027)
Payment of cash dividends	(1,592)	(1,436)	(4,621)	(4,303)
Proceeds from aircraft sale and leaseback transactions	132,000	191,650	132,000	191,650
Proceeds from Employee stock plans	3,912	2,770	11,455	5,312
Net cash provided by financing activities	132,822	191,369	130,778	286,443
Net increase in cash and cash equivalents	153,605	228,149	160,922	226,360
Cash and cash equivalents at beginning of period	324,680	172,749	317,363	174,538
Cash and cash equivalents at end of period	\$478,285	\$400,898	\$478,285	\$400,898
Cash payments for:				
Interest, net of amount capitalized	\$510	-	\$17,944	\$11,111
Income taxes	\$21,495	\$5,996	\$21,891	\$7,827

</TABLE>

See accompanying notes.

SOUTHWEST AIRLINES CO.
Notes to Condensed Consolidated Financial Statements

1. Basis of presentation - The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. The condensed consolidated financial statements for the interim periods ended June 30, 1996 and 1995 include all adjustments (which include only normal recurring adjustments) which are, in the opinion of management, necessary for a fair presentation of the results for the interim periods. Operating results for the three and six month periods ended June 30, 1996 are not necessarily indicative of the results that may be expected for the year ended December 31, 1996. For further information, refer to the consolidated financial statements and footnotes thereto included in the Southwest Airlines Co. annual report on Form 10-K for the year ended December 31, 1995.

2. Dividends - During the three month periods ended June 30, 1996, March 31, 1996, June 30, 1995, and March 31, 1995, \$.01 per share in dividends were declared on the 144,715,343, 144,452,894, 143,648,993, and 143,411,223 shares of common stock then outstanding, respectively.

3. Leases - During second quarter 1996, the Company completed transactions for the sale and leaseback of four new Boeing 737 aircraft. The lease terms, which require periodic lease payments through 2019, increased the Company's commitments for operating leases by \$233.1 million.

4. Common stock - Effective July 18, 1996, the Company amended and restated its Common Stock Rights Agreement dated July 14, 1986 (the Agreement). The principal purpose of the amendment and restatement was to extend the Agreement by 10 years. For further information regarding the Agreement, refer to footnote 8 to the consolidated financial statements included in the Southwest Airlines Co. annual report on Form 10-K for the year ended December 31, 1995.

5. Reclassifications - Certain prior year amounts have been reclassified for comparison purposes.

Item 2. Management's Discussion and Analysis of Results of Operations and Financial Condition

Comparative Consolidated Operating Statistics

Relevant operating statistics for the three and six month periods ended June 30, 1996 and 1995 are as follows:

<TABLE>

<CAPTION>

	Three months ended		Six months ended	
	June 30,	1995	June 30,	1995
	1996		1996	
<S>	<C>	<C>	<C>	<C>
Revenue passengers carried	12,574,740	11,513,556	23,979,977	21,617,113
Revenue passenger miles (RPMs) (000s)	6,809,336	5,992,044	12,646,455	11,198,329
Available seat miles (ASMs) (000s)	10,165,470	8,923,859	19,806,873	17,447,197
Load factor	67.0%	67.1%	63.8%	64.2%
Average length of passenger haul	542	520	527	518
Trips flown	187,704	170,010	366,809	333,795
Average passenger fare	\$69.69	\$61.69	\$67.45	\$60.47
Passenger revenue yield per RPM	\$.1287	\$.1185	\$.1279	\$.1167
Operating revenue yield per ASM	\$.0895	\$.0827	\$.0850	\$.0779
Operating expenses per ASM	\$.0756	\$.0711	\$.0749	\$.0706
Fuel cost per gallon (average)	\$.6280	\$.5437	\$.6101	\$.5374
Number of employees at period-end	21,907	18,985	21,907	18,985
Size of fleet at period-end	237	210	237	210

</TABLE>

Material Changes in Results of Operations

Consolidated net income for the three months ended June 30, 1996 was \$85.3 million (\$.56 per share) compared with \$59.7 million (\$.41 per share) earned in second quarter 1995.

Consolidated operating revenues increased 23.3 percent for the second quarter of 1996 and 23.8 percent for the six months ended June 30, 1996 as compared to the corresponding periods of the prior year, primarily as a result of a 23.4 percent and 23.7 percent increase, respectively, in consolidated passenger revenues. The increase in passenger revenues resulted from 13.6 percent and 12.9 percent increases in revenue passenger miles (RPMs) for the three and six month periods ended June 30, 1996, respectively, coupled with 8.6 percent and 9.6 percent increases in passenger revenue yield per RPM over these same periods. Passenger revenue yield per RPM increased from \$.1185 and \$.1167 in the three and six month periods ended June 30, 1995, respectively, to \$.1287 and \$.1279, respectively. This improved performance is primarily due to increased fares and the December 31, 1995 expiration of the ten percent federal ticket tax.

In August 1996, Congress approved legislation which re-enacts the ten percent federal ticket tax through December 31, 1996, effective seven days after enactment of the legislation. The enactment date (the date the legislation is signed by the President of the United States) has not been determined, but most likely will occur before August 31, 1996. Extension of the tax past December 31, 1996 is uncertain at this time and requires additional legislation. If the federal ticket tax is reimposed as planned, it will affect revenues for the period from late August until December 31, 1996 for tickets sold and flown during that period. While we believe the ten percent tax can be "passed on" to Customers in some markets, effectively as a price increase, Southwest cannot predict future fares with any certainty, which are set competitively and dependent upon the underlying demand for air travel.

Available seat miles (ASMs) increased 13.9 percent and 13.5 percent in second quarter 1996 and the six month period ended June 30, 1996, respectively, resulting in load factors of 67.0 percent and 63.8 percent for these same periods. The increase in ASMs resulted primarily from the addition of 27 aircraft since second quarter 1995.

In celebration of the Company's 25th Anniversary, Southwest launched a fare sale on July 12, 1996 continuing through July 23, 1996 for travel between August 19 and October 31, 1996. The sale was extremely popular and resulted in record advance bookings, with more than four and a half million seats sold. While the Company anticipates strong third quarter 1996 traffic, July's load factor of 68.1 percent fell below last year's performance of 71.8 percent, primarily due to telephone line congestion during our sale. Based on traffic results thus far, the Company also expects August's load factor to fall below year-ago levels due to the impact of telephone line congestion experienced during the sale. However, given current booking levels and booking trends, we anticipate positive load factor comparisons in September and October. (The immediately preceding three sentences are forward-looking statements which involve uncertainties that could result in actual results differing materially from expected results. Some significant factors include, but may not be limited to, competitive pressure such as fare sales and capacity changes by other carriers, general economic conditions, and variations in advanced booking trends.) As a result of the fare sale combined with the likely reinstatement of the ten percent federal ticket tax, the Company cannot accurately predict third quarter 1996 revenue yields at this time.

Consolidated freight revenues increased 24.1 percent in the second quarter of 1996 and 25.8 percent for the six months ended June 30, 1996 as compared to the same periods of the prior year, primarily due to increased capacity and an increase in U.S. mail revenue. Other revenues increased 18.3 percent in the second quarter 1996 and 25.3 percent for the six months ended June 30, 1996, primarily due to increased charter activity.

Operating expenses per ASM increased 6.3 percent for the three months and 6.1 percent for the six months ended June 30, 1996, primarily due to significantly higher jet fuel prices; the 4.3 cent per gallon federal jet fuel tax implemented September 30, 1995; increased Profitsharing and Employee savings plan contributions; and higher aircraft engine overhaul costs. Excluding jet fuel costs and related taxes, operating expenses per ASM for the three and six month periods ended June 30, 1996, were up 3.6 percent.

Southwest Airlines Co.
Consolidated Operating Expenses per ASM
(in cents except percent change)

<TABLE>

<CAPTION>

	Three months ended June 30,		Increase (decrease)	Percent change
<S>	1996 <C>	1995 <C>	<C>	<C>
Salaries, wages, and benefits	2.21	2.15	.06	2.8
Profitsharing and Employee savings plans	.33	.28	.05	17.9
Fuel and oil	1.14	1.00	.14	14.0
Maintenance materials and repairs	.66	.59	.07	11.9
Agency commissions	.37	.35	.02	5.7

Aircraft rentals	.45	.47	<.02>	<4.3>
Landing fees and other rentals	.45	.44	.01	2.3
Depreciation	.45	.43	.02	4.7
Other operating expenses	1.50	1.40	.10	7.1
Total	7.56	7.11	.45	6.3

</TABLE>

<TABLE>

<CAPTION>

Six Months ended June 30,				
	1996	1995	Increase (decrease)	Percent change
<S>	<C>	<C>	<C>	<C>
Salaries, wages and benefits	2.24	2.21	.03	1.4
Profitsharing and Employee savings plans	.26	.20	.06	30.0
Fuel and oil	1.11	.99	.12	12.1
Maintenance materials and repairs	.65	.60	.05	8.3
Agency commissions	.35	.35	-	-
Aircraft rentals	.46	.46	-	-
Landing fees and other rentals	.46	.46	-	-
Depreciation	.46	.43	.03	7.0
Other operating expenses	1.50	1.36	.14	10.3
Total	7.49	7.06	.43	6.1

</TABLE>

Salaries, wages, and benefits per ASM increased 2.8 percent and 1.4 percent for the three and six month periods ended June 30, 1996, respectively, as compared to the same periods of the prior year, primarily due to an increase in Reservation Sales Agent wages and higher health costs.

The Company's flight attendants are subject to an agreement with the Transport Workers Union of America, AFL-CIO (TWU), which became amendable May 31, 1996. Southwest is currently in negotiations with TWU for a new contract.

Profitsharing and Employee savings plans expense per ASM increased 17.9 percent and 30.0 percent for the three and six month periods ended June 30, 1996, respectively, as compared to the corresponding periods of the prior year primarily due to higher earnings subject to profitsharing in 1996.

Fuel and oil expense per ASM increased 14.0 percent and 12.1 percent in second quarter 1996 and the six month period then ended due to higher jet fuel prices. The average price paid for jet fuel in the three month and six month periods ended June 30, 1996 was \$.6280 and \$.6101 per gallon, respectively, compared to \$.5437 and \$.5374 for the corresponding periods in 1995. Since the end of the second quarter 1996, fuel prices have averaged approximately \$.6156 per gallon.

Maintenance materials and repairs per ASM increased 11.9 percent and 8.3 percent for the three and six month periods ended June 30, 1996, respectively, as compared to the corresponding periods of 1995, primarily as a result of higher engine overhaul costs and increased scheduled airframe inspections during second quarter 1996.

Agency commissions per ASM increased by 5.7 percent for second quarter 1996 and remained unchanged for the six months ended June 30, 1996. The second quarter increase is primarily due to an increase in passenger revenues per ASM and a consistent mix of travel agency sales.

Aircraft rentals per ASM decreased 4.3 percent for second quarter 1996 and remained unchanged for the six months ended June 30, 1996. The decrease in the second quarter was primarily due to a lower percentage of the aircraft fleet being leased.

Depreciation expense per ASM increased 4.7 percent for second quarter 1996 and 7.0 percent for the six months ended June 30, 1996 as compared to the same periods of 1995 due to leased aircraft representing a lower percentage of the total fleet as discussed above.

Other operating expenses per ASM increased 7.1 percent and 10.3 percent for the three and six month periods ended June 30, 1996, respectively. These increases were primarily due to the recently implemented jet fuel tax, which resulted in

approximately \$8.4 million and \$15.9 million of additional expense for the three and six month periods ended June 30, 1996.

Other expenses (income) for the three and six month periods ended June 30, 1996, included interest expense, interest income, and nonoperating gains and losses. Interest expense increased in the first half of 1996 as compared to the first half of 1995 due to the March 1995 issuance of \$100 million of 8 percent senior unsecured Notes due March 2005. Capitalized interest decreased for the three month and six month periods ended June 30, 1996, as a result of certain amendments to aircraft purchase contracts during third quarter 1995 that affected the timing of payments. Interest income increased for the six months ended June 30, 1996 due to higher invested cash balances.

Material Changes in Financial Condition

Net cash provided by operating activities was \$222.2 million for the three months ended June 30, 1996. During June 1996, the Company generated \$132.0 million from the sale/leaseback of four Boeing 737 aircraft. During the twelve months ended June 30, 1996, cash of \$522.1 million was provided from operations. This cash was primarily used to finance aircraft-related capital expenditures and provide working capital.

For the twelve months ended June 30, 1996, net capital expenditures were \$704.1 million, which were primarily for the purchase of 27 new 737-300 aircraft and progress payments for future aircraft deliveries.

The Company opened service to Orlando, Florida in April 1996, and recently announced expansion to Providence, Rhode Island beginning October 1996.

As of June 30, 1996 and since 1990, the Company had authority from its Board of Directors to purchase 3,750,000 shares of its common stock from time-to-time on the open market. No shares have been purchased since 1990.

The Company's contractual commitments at June 30, 1996, consist primarily of scheduled aircraft acquisitions. Seven 737-300s are scheduled for delivery in the remainder of 1996, and seventeen in 1997. Four 737-700s are scheduled for delivery in 1997, 16 in 1998, 16 in 1999, 15 in 2000, and 12 in 2001. In addition, the Company has options to purchase up to sixty-seven 737-700s during 1998-2004. The Company has the option, which must be exercised two years prior to the contractual delivery date, to substitute 737-600s or 737-800s for the 737-700s delivered subsequent to 1999. Aggregate funding needed for these commitments was approximately \$2,331.6 million at June 30, 1996 due as follows: \$180.6 million in 1996; \$575.4 million in 1997; \$446.9 million in 1998; \$551.2 million in 1999; \$351.0 million in 2000; and \$226.5 million in 2001. The Company believes Boeing will deliver two 737-300 aircraft in late December 1996 that were previously scheduled to be delivered in early January 1997. This change in the delivery schedule is not reflected in the commitment and funding amounts above.

The Company has various options available to meet its capital and operating commitments, including cash on hand at June 30, 1996 of \$478.3 million, internally generated funds, and a revolving credit line with a group of banks of up to \$460 million (none of which had been drawn at June 30, 1996). In addition, the Company will also consider various borrowing or leasing options to maximize earnings and supplement cash requirements.

The Company currently has outstanding shelf registrations for the issuance of \$260.6 million public debt securities which it currently intends to substantially utilize for aircraft financings during the remainder of 1996.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The Company has received examination reports from the Internal Revenue Service proposing certain adjustments to Southwest's income tax returns for 1987 through 1991. The adjustments relate to certain types of aircraft financings consummated by Southwest, as well as other members of the aviation industry, during that time period. Southwest intends to vigorously protest the adjustments made with which it does not agree.

The industry's difference with the IRS involves complex issues of law and fact which are likely to take a substantial period of time to resolve. Management believes that final resolution of such protest will not have a materially adverse effect upon the results of operations of Southwest. This forward-looking statement is based on management's current understanding of the relevant law and facts; it is subject to various contingencies including the views of legal counsel, changes in the IRS' position, the potential cost and risk associated with litigation and the actions of the IRS, judges and juries.

Item 2. Changes in Securities

None

Item 3. Defaults upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

The Company's Annual Meeting of Shareholders was held on May 16, 1996. At the meeting the following matters were voted on by security holders:

1. 94,329,231 shares of stock were voted against a shareholder proposal requesting that the Company provide preferential fares to shareholders attending the annual shareholders meeting, 3,629,459 were voted for the proposal, 4,375,629 abstained, and there were 19,442,557 broker non-votes.
2. 109,831,029 shares of stock were voted for approval of the 1996 Incentive Stock Option Plan and 1996 Non-Qualified Stock Option Plan, 11,017,292 were voted against approval, and 928,555 abstained.
3. 102,347,475 shares of stock were voted for approval of an Officer's Stock Option Agreement, 18,404,059 were voted against approval, and 1,025,342 abstained.
4. 113,039,223 shares of stock were voted to approve an amendment to the Company's Articles of Incorporation to increase the authorized number of shares of common stock, 7,904,058 were voted against the amendment, and 833,595 abstained.

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K

a) Exhibits

(3.1) Restated Articles of Incorporation of Southwest (incorporated by reference to Exhibit 4.1 to Southwest's Registration Statement on Form S-3 (File No. 33-52155)); Articles of Amendment to the Articles of Incorporation of Southwest Airlines Co. filed May 31, 1996.

(11.1) Computation of Earnings Per Share

(27) Financial Data Schedule

b) Reports on Form 8-K

No reports on Form 8-K were filed during the quarter.

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.

<TABLE>

<S>

August 13, 1996

Date

<C>

/s/ Gary C. Kelly

Gary C. Kelly

Vice President - Finance and

Chief Financial Officer

(Principal Financial and

Accounting Officer)

</TABLE>

INDEX TO EXHIBITS

Exhibit

Number

Exhibit

(3.1) Restated Articles of Incorporation of Southwest
(incorporated by reference to Exhibit 4.1 to Southwest's
Registration Statement on Form S-3 (File No. 33-52155));
Articles of Amendment to the Articles of Incorporation of
Southwest Airlines Co. filed May 31, 1996.

(11.1) Computation of Earnings Per Share

(27) Financial Data Schedule

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ARTICLES OF AMENDMENT TO THE
ARTICLES OF INCORPORATION OF
SOUTHWEST AIRLINES CO.

ARTICLE ONE

Southwest Airlines Co. (the "Corporation"), pursuant to the provisions of Article 4.04 of the Texas Business Corporation Act, hereby adopts these Articles of Amendment to its Articles of Incorporation.

ARTICLE TWO

ARTICLE FOUR is amended by the deletion in its entirety of the first paragraph thereof, and by inserting in lieu thereof the following paragraph:

The aggregate number of shares which the corporation shall have authority to issue is Six Hundred Eighty Million (680,000,000) shares of Common Stock of the par value of One Dollar (\$1) each.

ARTICLE THREE

The amendment made by these Articles of Amendment was duly adopted by the shareholders of the Corporation on May 16, 1996.

ARTICLE FOUR

The number of shares outstanding on the record date for such shareholders meeting was 144,547,692 and the number of shares entitled to vote on such amendment as 144,547,692. 113,039,223 shares were voted for the amendment and 7,904,058 shares were voted against the amendment.

IN WITNESS THEREOF, the Corporation has caused these Articles of Amendment to be executed this 16 day of May, 1996.

SOUTHWEST AIRLINES CO.

by: /s/ Gary C. Kelly
Gary C. Kelly
Vice President and
Chief Financial Officer

EXHIBIT (11.1)
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Southwest Airlines Co.
Computation of Earnings Per Share
For the Three Months Ended June 30, 1996

<TABLE>
<CAPTION>

<S>	Primary		Fully
	<C>	<C>	Diluted
Weighted average shares outstanding	144,705,676	144,705,676	
Shares issuable upon exercise of outstanding stock options (treasury stock method)	8,969,735	8,969,761	
Weighted average common and common equivalent shares	153,675,411	153,675,437	
Earnings for per share computations	85,316,000	85,316,000	
Earnings per common and common equivalent share	\$0.56	\$0.56	

EXHIBIT (11.1)
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Southwest Airlines Co.
Computation of Earnings Per Share
For the Three Months Ended June 30, 1995

<TABLE>
<CAPTION>

<S>	Primary		Fully
	<C>	<C>	Diluted
Weighted average shares outstanding	143,606,941	143,606,941	
Shares issuable upon exercise of outstanding stock options (treasury stock method)	3,740,600	3,859,725	
Weighted average common and common equivalent shares	147,347,541	147,466,666	
Earnings for per share computations	59,724,000	59,724,000	
Earnings per common and common equivalent share	\$0.41	\$0.41	

EXHIBIT (11.1)
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Southwest Airlines Co.
Computation of Earnings Per Share
For the Six Months Ended June 30, 1996

<TABLE>
<CAPTION>

<S>	Primary		Fully
	<C>	<C>	Diluted
Equivalent shares outstanding at March 31, 1996	152,402,780	153,449,020	
Equivalent shares outstanding at June 30, 1996	153,675,411	153,675,437	
	306,078,191	307,124,427	
Average number of equivalent shares outstanding	153,039,096	153,562,229	
Earnings for per share computations	\$118,317,000	\$118,317,000	
Earnings per common and common equivalent share	\$0.77	\$0.77	

Southwest Airlines Co.
Computation of Earnings Per Share
For the Six Months Ended June 30, 1995

<TABLE>
<CAPTION>

	Primary	Fully Diluted
<S>	<C>	<C>
Equivalent shares outstanding at March 31, 1995	146,532,231	146,532,231
Equivalent shares outstanding at June 30, 1995	147,347,541	147,466,666
	293,879,772	293,998,897
Average number of equivalent shares outstanding	146,939,886	146,999,449
Earnings for per share computations	\$71,550,000	\$71,550,000
Earnings per common and common equivalent share	\$0.49	\$0.49

</TABLE>