

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, 1997 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 11, 1997:

146,002,861
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>

	June 30, 1997	December 31, 1996
<S>		
ASSETS		
Current assets:	<C>	<C>
Cash and cash equivalents	\$577,784	\$581,841
Accounts receivable	88,384	73,440
Inventories of parts and supplies	49,931	51,094
Deferred income taxes	12,079	11,560
Prepaid expenses and other current assets	31,022	33,055
Total current assets	759,200	750,990
Property and equipment:		
Flight equipment	3,706,460	3,435,304
Ground property and equipment	556,540	523,958
Deposits on flight equipment purchase contracts	274,401	198,366
	4,537,401	4,157,628
Less allowance for depreciation	1,264,820	1,188,405
	3,272,581	2,969,223
Other assets	4,202	3,266
	\$4,035,983	\$3,723,479
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$142,340	\$214,232
Accrued liabilities	435,535	368,625

Air traffic liability	179,304	158,098
Income taxes payable	37,736	-
Current maturities of long-term debt	116,947	12,327
Other current liabilities	3,614	12,122
Total current liabilities	915,476	765,404
Long-term debt less current maturities	636,927	650,226
Deferred income taxes	385,156	349,987
Deferred gains from sale and leaseback of aircraft	265,814	274,891
Other deferred liabilities	35,887	34,659
Stockholders' equity:		
Common stock	145,708	145,112
Capital in excess of par value	188,041	181,650
Retained earnings	1,462,974	1,321,550
Total stockholders' equity	1,796,723	1,648,312
	\$4,035,983	\$3,723,479

</TABLE>

See accompanying notes.

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

<TABLE>

<CAPTION>

	Three months ended June 30,		Six months ended June 30,	
	1997	1996	1997	1996
Operating revenues:	<C>	<C>	<C>	<C>
Passenger	\$911,681	\$876,322	\$1,760,787	\$1,617,422
Freight	22,383	20,011	43,737	38,991
Other	22,828	13,975	39,463	26,424
Total operating revenues	956,892	910,308	1,843,987	1,682,837
Operating expenses:				
Salaries, wages, and benefits	282,637	258,078	548,431	495,443
Fuel and oil	117,561	115,652	251,636	219,519
Maintenance materials and repairs	56,020	66,834	113,258	129,033
Agency commissions	40,584	37,576	77,676	69,402
Aircraft rentals	50,466	45,922	100,848	90,919
Landing fees and other rentals	51,477	45,401	100,488	90,844
Depreciation	47,509	46,111	95,895	90,125
Other operating expenses	154,231	152,528	312,145	297,953
Total operating expenses	800,485	768,102	1,600,377	1,483,238
Operating income	156,407	142,206	243,610	199,599
Other expenses (income):				
Interest expense	16,219	15,022	31,444	29,924
Capitalized interest	(4,317)	(5,817)	(8,739)	(12,721)
Interest income	(9,533)	(5,345)	(17,495)	(9,398)
Nonoperating losses (gains), net	215	(1,643)	1,176	(2,966)
Total other expenses	2,584	2,217	6,386	4,839
Income before income taxes	153,823	139,989	237,224	194,760
Provision for income taxes	59,991	54,673	92,518	76,443
Net income	\$93,832	\$85,316	\$144,706	\$118,317
Weighted average common and common equivalent shares outstanding	152,249	153,675	151,349	153,039
Net income per common and common equivalent share	\$.62	\$.56	\$.96	\$.77

</TABLE>

See accompanying notes.

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

<TABLE>

<CAPTION>

	Three months ended June 30,		Six months ended June 30,	
	1997	1996	1997	1996
Net cash provided by operating activities	<C>	<C>	<C>	<C>
	\$220,604	\$222,176	\$314,115	\$363,891

Investing activities:				
Net purchases of property and equipment	(296,624)	(201,393)	(412,474)	(333,747)
Financing activities:				
Issuance of long-term debt	-	-	98,764	-
Payment of long-term debt and capital lease obligations	(1,628)	(1,498)	(6,572)	(8,056)
Payment of cash dividends	(1,682)	(1,592)	(4,877)	(4,621)
Proceeds from aircraft sale and leaseback transactions	-	132,000	-	132,000
Proceeds from Employee stock plans	4,702	3,912	6,987	11,455
Net cash provided by financing activities	1,392	132,822	94,302	130,778
Net increase (decrease) in cash and cash equivalents	(74,628)	153,605	(4,057)	160,922
Cash and cash equivalents at beginning of period	652,412	324,680	581,841	317,363
Cash and cash equivalents at end of period	\$577,784	\$478,285	\$577,784	\$478,285
Cash payments for:				
Interest, net of amount capitalized	\$1,779	\$510	\$22,606	\$17,944
Income taxes	\$12,910	\$21,495	\$13,125	\$21,891

</TABLE>

See accompanying notes.

SOUTHWEST AIRLINES CO.

Notes to Condensed Consolidated Financial Statements

1. Basis of presentation - The accompanying unaudited condensed consolidated financial statements of Southwest Airlines Co. (Company) 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, 1997 and 1996 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, 1997 are not necessarily indicative of the results that may be expected for the year ended December 31, 1997. 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, 1996.

2. Dividends - During the three month periods ended June 30, 1997 and March 31, 1997, \$.01155 per share in dividends were declared on the 145,643,837 and 145,335,143 shares of common stock then outstanding. During the three month periods ended June 30, 1996 and March 31, 1996, \$.011 per share in dividends were declared on the 144,715,343 and 144,452,894 shares of common stock then outstanding.

3. Long-term debt - During February 1997, the Company issued \$100 million of senior unsecured 7 3/8 percent Debentures due March 1, 2027. Interest on the Debentures is payable semi-annually on March 1 and September 1, commencing September 1, 1997. The Debentures may be redeemed, at the option of the Company, in whole at any time or in part from time to time, at a redemption price equal to the greater of the principal amount of the Debentures plus accrued interest at the date of redemption or the sum of the present values of the remaining scheduled payments of principal of the Debentures and interest thereon discounted to the date of redemption plus accrued interest at the date of redemption.

4. Recently issued accounting standard - In February 1997, the Financial Accounting Standards Board issued Statement No. 128, Earnings per Share, which is required to be adopted for interim and annual periods ending after December 15, 1997. At

that time, the Company will be required to change the method currently used to compute earnings per share and to restate all prior periods. Under the new requirements for calculating basic earnings per share, the dilutive effect of stock options will be excluded. Basic earnings per share for the three and six month periods ended June 30, 1997 would be \$.64 and \$.99, respectively and for the three and six month periods ended June 30, 1996 would be \$.59 and \$.82, respectively. Diluted earnings per share for the three and six month periods ended June 30, 1997 would be \$.62 and \$.96, respectively and for the three and six month periods ended June 30, 1996 would be \$.56 and \$.77, respectively.

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, 1997 and 1996 are as follows:

<TABLE>

<CAPTION>

<S>	Three months ended		
	1997	1996	Change
	<C>	<C>	<C>
Revenue passengers carried	12,722,360	12,574,740	1.2%
Revenue passenger miles (RPMs) (000s)	7,014,502	6,809,336	3.0%
Available seat miles (ASMs) (000s)	10,981,206	10,165,470	8.0%
Load factor	63.9%	67.0%	(3.1)pts.
Average length of passenger haul	551	542	1.7%
Trips flown	196,006	187,704	4.4%
Average passenger fare	\$71.66	\$69.69	2.8%
Passenger revenue yield per RPM	\$.1300	\$.1287	1.0%
Operating revenue yield per ASM	\$.0871	\$.0895	(2.7)%
Operating expenses per ASM	\$.0729	\$.0756	(3.6)%
Average fuel cost per gallon	\$.6017	\$.6280	(4.2)%
Number of employees at period-end	23,777	21,907	8.5%
Size of fleet at period- end	252	237	6.3%

</TABLE>

<TABLE>

<CAPTION>

<S>	Six months ended		
	1997	1996	Change
	<C>	<C>	<C>
Revenue passengers carried	24,768,544	23,979,977	3.3%
Revenue passenger miles (RPMs) (000s)	13,547,548	12,646,455	7.1%
Available seat miles (ASMs) (000s)	21,498,841	19,806,873	8.5%
Load factor	63.0%	63.8%	(0.8)pts.
Average length of passenger haul	547	527	3.8%
Trips flown	386,211	366,809	5.3%
Average passenger fare	\$71.09	\$67.45	5.4%
Passenger revenue yield per RPM	\$.1300	\$.1279	1.6%
Operating revenue yield per ASM	\$.0858	\$.0850	0.9%
Operating expenses per ASM	\$.0744	\$.0749	(0.7)%
Average fuel cost per gallon	\$.6570	\$.6101	7.7%
Number of employees at period-end	23,777	21,907	8.5%
Size of fleet at period- end	252	237	6.3%

</TABLE>

Material Changes in Results of Operations

Consolidated net income for the three months ended June 30, 1997 was \$93.8 million (\$.62 per share) compared with \$85.3 million (\$.56 per share) earned in second quarter 1996.

Consolidated operating revenues increased 5.1 percent for

the second quarter of 1997 and 9.6 percent for the six months ended June 30, 1997 as compared to the corresponding periods of the prior year, primarily as a result of a 4.0 percent and 8.9 percent increase, respectively, in consolidated passenger revenues. The increase in passenger revenues resulted from 3.0 percent and 7.1 percent increases in revenue passenger miles (RPMs) for the three and six month periods ended June 30, 1997, respectively, coupled with 1.0 percent and 1.6 percent increases in passenger revenue yield per RPM over these same periods.

While RPMs increased 3.0 percent in second quarter 1997 and 7.1 percent in the six month period ended June 30, 1997, available seat miles (ASMs) increased 8.0 percent and 8.5 percent for these same periods. This resulted in load factors of 63.9 percent and 63.0 percent for the three months and six months ended June 30, 1997, respectively, compared with 67.0 percent and 63.8 percent for the corresponding periods of the prior year. The increase in ASMs resulted primarily from the net addition of 15 aircraft since second quarter 1996.

The load factor for July 1997 was 66.8 percent, compared to July 1996 load factor of 68.1 percent. Although load factor trends are improving, management does not expect the third quarter 1997 load factor will match third quarter 1996. Load factors in third quarter 1996 were high due to heavy promotional activities. Additionally, the March 1997 reimposition of the ten percent federal excise tax may adversely impact revenue growth during third quarter 1997 versus third quarter 1996, which was not subject to federal excise tax until August 27, 1996. (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 advance booking trends.) In spite of these factors, however, early July RPM yield trends are strong.

In August 1997, the Taxpayer Relief Act of 1997 was enacted, which included, among other things, a revision, phased in over five years, of the current ten percent federal excise tax on domestic tickets to (ultimately) an excise tax of 7.5 percent and a fee of \$3.00 per passenger segment. Effective October 1, 1997 through September 30, 1998, the current ten percent tax rate will be reduced to nine percent of the ticket price for amounts paid for transportation beginning on or after October 1, 1997 and a new \$1.00 flight segment tax will be imposed. From October 1, 1998 to September 30, 1999, the tax rate decreases to eight percent and the segment tax increases to \$2.00. Beginning October 1, 1999, the tax rate will change to 7.5 percent of the ticket price. However, the segment tax will increase to \$2.25 from October 1, 1999 to December 31, 1999; \$2.50 during 2000; \$2.75 during 2001; and \$3.00 per segment during 2002. Thereafter, the \$3.00 segment tax will be indexed to changes in the Consumer Price Index (CPI). The legislation also includes a new tax on the sale of frequent flier miles, raises the international departure fee, and institutes a new international arrival fee. Management estimates these changes may increase Southwest's tax burden by \$30 to \$35 million in 1998. The Company is currently considering various alternatives to attempt to offset the impact of these changes to future years' operating results. (The immediately preceding two 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, regulations implementing the tax, competitors' response to the tax, and the ability to pass through the tax in the form of fare increases.)

Consolidated freight revenues increased 11.9 percent in the second quarter of 1997 and 12.2 percent for the six months ended June 30, 1997 as compared to the same periods of the prior year, primarily due to increased capacity and an increase in United States mail revenue. Other revenues increased 63.3 percent in the second quarter 1997 and 49.3 percent for the six months ended June 30, 1997, primarily due to increased charter activity as well as increased revenues from the sale of frequent flyer credits to participating partners in the Rapid Rewards program.

Operating expenses per ASM decreased 3.6 percent for the three months ended June 30, 1997 and remained relatively unchanged for the six months ended June 30, 1997. The second quarter decrease is primarily due to lower aircraft engine repair costs, lower jet fuel prices, lower advertising spending, and significant results from numerous Companywide cost reduction efforts. Excluding jet fuel costs and related taxes, operating expenses per ASM for the three and six month periods ended June

30, 1997, were down 3.2 percent and 1.6 percent, respectively.

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

<TABLE>

<CAPTION>

	Three months ended			
	June 30,			
	1997	1996	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	.34	.33	.01	3.0
Fuel and oil	1.07	1.14	<.07>	<6.1>
Maintenance materials and repairs	.51	.66	<.15>	<22.7>
Agency commissions	.37	.37	-	-
Aircraft rentals	.46	.45	.01	2.2
Landing fees and other rentals	.47	.45	.02	4.4
Depreciation	.43	.45	<.02>	<4.4>
Other operating expenses	1.40	1.50	<.10>	<6.7>
Total	7.29	7.56	< .27>	< 3.6>

</TABLE>

<TABLE>

<CAPTION>

	Six months ended			
	June 30,			
	1997	1996	Increase (decrease)	Percent change
<S>	<C>	<C>	<C>	<C>
Salaries, wages, and benefits	2.26	2.24	.02	0.9
Profitsharing and Employee savings plans	.29	.26	.03	11.5
Fuel and oil	1.17	1.11	.06	5.4
Maintenance materials and repairs	.53	.65	<.12>	<18.5>
Agency commissions	.36	.35	.01	2.9
Aircraft rentals	.47	.46	.01	2.2
Landing fees and other rentals	.47	.46	.01	2.2
Depreciation	.45	.46	<.01>	<2.2>
Other operating expenses	1.44	1.50	<.06>	<4.0>
Total	7.44	7.49	< .05>	< 0.7>

</TABLE>

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 to amend the contract.

Profitsharing and Employee savings plans expense per ASM increased 3.0 percent and 11.5 percent for the three and six month periods ended June 30, 1997, respectively, as compared to the corresponding periods of the prior year primarily due to higher earnings available for profitsharing in 1997.

Fuel and oil expense per ASM decreased 6.1 percent in second quarter 1997 due to lower jet fuel prices. The average price paid for jet fuel in the three month period ended June 30, 1997 was \$.6017 per gallon compared to \$.6280 for the same period in 1996. Fuel and oil expense per ASM increased 5.4 percent in the six month period ended June 30, 1997 due to higher average jet fuel prices during first quarter 1997. The average price paid for jet fuel in the six month period ended June 30, 1997 was \$.6570 per gallon compared to \$.6101 for the same period in 1996. The average price paid for jet fuel in July 1997 was \$.5726 per gallon.

Maintenance materials and repairs per ASM decreased 22.7 percent and 18.5 percent for the three and six month periods ended June 30, 1997, respectively, as compared to the corresponding periods of 1996, primarily as a result of fewer aircraft engine repairs.

On August 1, 1997, the Company signed a ten year engine maintenance contract with General Electric Engine Services, Inc. (General Electric). Under the terms of the contract, Southwest will pay General Electric a rate per flight hour in exchange for General Electric performing substantially all engine maintenance for the CFM56-3 engines on the 737-300 and 737-500 aircraft.

Agency commissions per ASM remained unchanged for second quarter 1997 and increased 2.9 percent for the six months ended June 30, 1997 as compared to the same periods in 1996. The increase is primarily due to a corresponding increase in the proportion of travel agency revenues to total revenues.

Aircraft rentals per ASM increased 2.2 percent for the three and six months periods ended June 30, 1997 primarily due to the sale-leaseback of four aircraft late in second quarter 1996 and six aircraft in third quarter 1996.

Landing fees and other rentals increased 4.4 percent for second quarter 1997 and 2.2 percent for the six months ended June 30, 1997 as compared to the same periods of 1996 primarily due to increased landing fee rates, increased space rental rates, and airport terminal expansion.

Depreciation expense per ASM decreased 4.4 percent for second quarter 1997 and 2.2 percent for the six months ended June 30, 1997 as compared to the same periods of 1996 primarily due to the sale-leasebacks of aircraft late in second quarter 1996 and in third quarter 1996.

Other operating expenses per ASM decreased 6.7 percent and 4.0 percent for the three and six month periods ended June 30, 1997, respectively. These decreases were primarily due to lower advertising spending, lower insurance rates, and significant results from numerous Companywide cost reduction efforts.

Other expenses (income) for the three and six month periods ended June 30, 1996, included interest expense, capitalized interest, interest income, and nonoperating gains and losses. Interest expense increased in the first half of 1997 as compared to the first half of 1996 due to the February 1997 issuance of \$100 million of senior unsecured 7 3/8 percent Debentures due March 1, 2027. Capitalized interest decreased for the three and six month periods ended June 30, 1997, as a result of certain amendments to aircraft purchase contracts that deferred the timing of payments. Interest income increased for the three and six months ended June 30, 1997 due to higher invested cash balances.

Material Changes in Financial Condition

Net cash provided by operating activities was \$220.6 million for the three months ended June 30, 1997 and \$565.5 million for the twelve months ended June 30, 1997. This cash was primarily used to finance aircraft-related capital expenditures and provide working capital.

For the twelve months ended June 30, 1997, net capital expenditures were \$756.2 million, which were primarily for the purchase of 18 new 737-300 aircraft, of which two were subsequently sold and leased back, and progress payments for future aircraft deliveries.

The Company opened service to Jacksonville, Florida on January 15, 1997, and opened service to Jackson, Mississippi on August 9, 1997.

As of March 31, 1997, the Company had authority from its Board of Directors to purchase 2,500,000 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, 1997 consist primarily of scheduled aircraft acquisitions. Six 737-300s are scheduled for delivery in the remainder of 1997. Four 737-700s are scheduled for delivery in 1997, 21 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 \$1,757.7 million at June 30, 1997 due as follows: \$200.3 million in 1997; \$532.7 million in 1998; \$502.3 million in 1999; \$318.1 million in 2000; and \$204.3 million in 2001.

The Company has various options available to meet its capital and operating commitments, including cash on hand at June 30, 1997 of \$577.8 million, internally generated funds, and a revolving credit line with a group of banks of up to \$475 million (none of which had been drawn at June 30, 1997). 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 \$414.4 million public debt securities which it currently intends to substantially utilize for aircraft financings during the remainder of 1997, 1998, and 1999.

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 15, 1997. At the meeting the following matters were voted on by security holders:

1. 86,743,538 shares of stock were voted against a shareholder proposal requesting that the Company rotate the site of its annual shareholders meeting, 6,126,110 were voted for the proposal, 1,346,580 abstained, and there were 31,405,599 broker non-votes.
2. 80,604,193 shares of stock were voted against a proposal requiring publication of certain equal employment opportunity information, 10,652,177 were voted in favor of the proposal, 2,969,658 abstained, and there were 31,395,799 broker non-votes.

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K

a) Exhibits

(11.1) Computation of Earnings Per Share

(27) Financial Data Schedule

b) Reports on Form 8-K

There were no Reports on Form 8-K during the quarter.

SIGNATURES

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, 1997	<C> /s/ Gary C. Kelly Gary C. Kelly Vice President - Finance and Chief Financial Officer (Principal Financial and Accounting Officer)
Date	
</TABLE>	

INDEX TO EXHIBITS

Exhibit Number	Exhibit
(11.1)	Computation of Earnings Per Share
(27)	Financial Data Schedule

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<ARTICLE> 5
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</TABLE>

Southwest Airlines Co.
Computation of Earnings Per Share
For the Three Months Ended June 30, 1997

<TABLE>
<CAPTION>

	Primary	Fully Diluted
<S>	<C>	<C>
Weighted average shares outstanding	145,592,516	145,592,516
Shares issuable upon exercise of outstanding stock options (treasury stock method)	6,656,122	6,866,656
Weighted average common and common equivalent shares	152,248,638	152,459,172
Earnings for per share computations	\$93,832,000	\$93,832,000
Earnings per common and common equivalent share	\$0.62	\$0.62

</TABLE>

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

<TABLE>
<CAPTION>

	Primary	Fully Diluted
<S>	<C>	<C>
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

</TABLE>

Southwest Airlines Co.
Computation of Earnings Per Share
For the Six Months Ended June 30, 1997

<TABLE>
<CAPTION>

	Primary	Fully Diluted
<S>	<C>	<C>
Weighted average shares outstanding	145,453,969	145,453,969
Shares issuable upon exercise of outstanding stock options (treasury stock method)	5,895,093	6,000,983
Weighted average common and common equivalent shares	151,349,062	151,454,952
Earnings for per share computations	\$141,706,000	\$144,706,000

Earnings per common and common equivalent share	\$0.96	\$0.96
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</TABLE>

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

<TABLE>
<CAPTION>

	Primary	Fully Diluted
<S>	<C>	<C>
Weighted average shares outstanding	144,510,625	144,510,625
Shares issuable upon exercise of outstanding stock options (treasury stock method)	8,528,471	9,051,604
Weighted average common and common equivalent shares	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

</TABLE>