

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): April 20, 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))

Item 1.01 Entry Into A Material Definitive Agreement.

On April 20, 2006, Southwest Airlines Co. (Southwest) and The Boeing Company entered into an agreement providing for the exercise by Southwest of options to purchase seventy-nine (79) Boeing 737-700 Aircraft for delivery in 2007 through 2012. In addition, Southwest converted 115 "Rollover Option Aircraft" to "Option Aircraft", with delivery positions in 2008 through 2012. Southwest's remaining 54 Rollover Option Aircraft (to be referred to as Purchase Right Aircraft in the future), may be delivered through December 31, 2014, if Southwest elects to purchase such aircraft. As a result of this transaction, Southwest has firm orders and options to purchase Boeing 737-700 aircraft as follows:

Firm Orders and Options to Purchase Boeing 737-700 Aircraft

Delivery Year	Firm Orders	Options	Purchase Rights
<S>	<C>	<C>	<C>
2006	33*		
2007	36		
2008	30	6	
2009	18	18	
2010	10	32	
2011	10	30	
2012	10	30	
2008-2014			54
Totals	147	116	54

*Seven of these Aircraft had been delivered as of April 20, 2006.

Item 2.02 Results of Operations and Financial Condition.

On April 20, 2006, the Registrant issued a press release announcing First Quarter 2006 financial results. The press release is furnished herewith as Exhibit 99.1 and is incorporated herein by reference.

The information furnished in Item 2.02 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 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 hereunto duly authorized.

Southwest Airlines Co.

April 20, 2006

By: /s/ Laura Wright
Name: Laura Wright
Title: Senior Vice President-Finance
Chief Financial Officer

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Exhibit Index

<Table>	
<Caption>	
Exhibit No.	Description
<S>	
99.1	Registrant's First Quarter 2006 Earnings Release.
</Table>	

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CONTACT: Investor Relations (214) 792-4415

SOUTHWEST AIRLINES REPORTS FIRST QUARTER EARNINGS
REVENUES EXCEED \$2.0 BILLION

DALLAS, TEXAS -- April 20, 2006 -- Southwest Airlines (NYSE:LUV) today reported first quarter 2006 net income of \$61 million, or \$.07 per diluted share, compared to \$59 million for first quarter 2005, or \$.07 per diluted share, as adjusted (see below).

The Company's first quarter 2006 and 2005 net income includes unrealized gains/losses associated with Statement of Financial Accounting Standard (SFAS) 133, "Accounting for Derivative Instruments and Hedging Activities," as amended. Excluding these unrealized SFAS 133 gains/losses (see Supplemental Schedule II), net income for first quarter 2006 increased 49 percent to \$64 million, or \$.08 per diluted share, compared to \$43 million, or \$.05 per diluted share for first quarter 2005, as adjusted. These results exceeded First Call's mean estimate of \$.07 per diluted share for first quarter 2006.

Prior year results have been adjusted to retroactively apply the adoption of SFAS 123R, "Share-Based Payment", which requires all stock-based compensation to be expensed and accounted for using a fair value based method. The adoption of SFAS 123R resulted in stock-based compensation expense of \$22 million (before income taxes and profitsharing), or \$.01 per diluted share, and \$20 million (before income taxes), or \$.02 per diluted share, in first quarters 2006 and 2005, respectively.

Results for 2005 also have been adjusted for the Company's election to change its method of accounting for airframe maintenance of Boeing 737-300 and -500 aircraft from the deferral method to the direct expense method. As required by SFAS 154, "Accounting Changes and Error Corrections", the Company has adjusted prior periods to show financial statements as if the direct expense method had been used in all prior years. This adjustment resulted in additional pretax maintenance expense of \$5 million for first quarter 2005, which did not result in a material impact to diluted earnings per share.

The Company has provided a reconciliation (see Supplemental Schedule I) of previously reported results for 2005 to results adjusted for the Company's two accounting changes, which were both effective January 1, 2006.

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Gary C. Kelly, CEO, stated: "We are pleased with the continued and consistent improvement in our earnings performance. Excluding SFAS 133 items, our first quarter 2006 earnings of \$64 million were up 49 percent over last year's adjusted earnings of \$43 million. Despite soaring energy costs, this represented another quarter of strong earnings growth and a stellar performance by the People of Southwest Airlines.

"Even though Easter was in April this year (versus March last year), our revenues increased 21.4 percent, or 11.3 percent per available seat mile. Demand for our low fares and high quality Customer Service was strong, resulting in a record first quarter load factor of 69.2 percent, up 3.8 points from first quarter 2005. Thus far, strong load factor and revenue trends have continued in April, and Customer bookings for the remainder of second quarter 2006 are strong.

"We continued to maintain Low Fare Leadership in America, increasing yields simply to offset ever-higher jet fuel prices. Passenger revenue yields per mile increased 5.4 percent in first quarter 2006 versus the year ago period.

"As expected, our unit costs increased 10.4 percent in first quarter 2006 due to higher jet fuel costs. Despite a \$133 million benefit from our fuel hedging position, our first quarter 2006 jet fuel costs per gallon increased 62.8 percent to \$1.46 per gallon. For second quarter 2006, we are over 75 percent hedged with prices capped at \$36 per barrel. Based on this hedging position and current market conditions, we expect our second quarter 2006 fuel cost per gallon to be in the \$1.45 to \$1.50 range. We are over 70 percent hedged for the remainder of 2006 at \$36 per barrel; over 60 percent in 2007 at \$39 per barrel; over 35 percent in 2008 at \$38 per barrel; and about 30 percent in 2009 at \$39 per barrel.

"Excluding fuel, our unit cost performance was in line with our expectations at 6.43 cents and down slightly from the adjusted year ago performance. Once again, the People of Southwest Airlines delivered more, making an efficient airline even more efficient. Although we expect second quarter 2006 unit costs, excluding fuel, to increase from first quarter 2006's 6.43 cents, we are pleased with our cost control efforts. And, thanks to our Employees, we are

optimistic we can achieve our full-year 2006 goal of flat year-over-year unit costs, excluding fuel, at 6.48 cents.

"We recently announced our request for two gates at Washington Dulles International Airport and intention to start service this fall. As our 63rd airport, Dulles represents an exciting opportunity to complement our existing service to the Washington D.C. metro area from Baltimore/Washington International Thurgood Marshall Airport, our fourth largest operation. We are very pleased with the strong Customer response to our

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new Denver service, which we commenced on January 3, 2006 and currently offer 20 daily nonstop departures to five cities. We also continue to grow our existing route system, with upcoming service additions to Nashville, Las Vegas, New Orleans, and Philadelphia.

"Chicago Midway also continues to provide expansion opportunities. In fourth quarter 2005, ATA Airlines, Inc. entered into an agreement in which an investor would provide financing to enable ATA to emerge from bankruptcy. As part of this transaction, in December 2005, we acquired the leasehold rights to four additional gates at Chicago Midway Airport in exchange for a \$20 million reduction in our debtor-in-possession (DIP) loan to ATA. Upon ATA's emergence from bankruptcy on February 28, 2006, ATA repaid Southwest in cash the remaining \$20 million balance of the DIP loan. In addition, we were relieved of our commitment to purchase \$30 million of ATA convertible preferred stock. As part of this agreement, we expanded our codeshare with ATA and will be enhancing our Rapid Rewards program to provide new award destinations via ATA.

"We are confident about our future growth opportunities as evidenced by our agreement with Boeing today to exercise 79 options for delivery of Boeing 737-700 aircraft in 2007 through 2012, bringing our current firm orders to 140. We also have 116 options, with delivery positions in 2008 through 2012, and 54 purchase rights for delivery through December 31, 2014." (See Supplemental Schedule IV.)

For the tenth year in a row, Fortune magazine recognized Southwest Airlines in its annual survey of corporate reputations. Among all industries in 2006, Fortune listed Southwest Airlines as number three among America's Top Ten Most Admired Corporations. The Company was also recently recognized for the seventh consecutive year by Business Ethics magazine as one of the 100 Best Corporate Citizens that excel at serving a variety of stakeholders. Institutional Investor magazine named Southwest Airlines as America's Most Shareholder-Friendly Airline in its survey of investors and analysts. Finally, Southwest Airlines Cargo was recently named "Airline of the Year" by the Express Delivery & Logistics Association, for the second year in a row, marking the sixth consecutive year that the Company has been honored for its excellence in air cargo delivery service.

Southwest will discuss its first quarter 2006 results on a conference call at 11:30 a.m. Eastern Time today. A live broadcast of the conference call will be available at SOUTHWEST.COM.

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Operating Results (compared to adjusted 2005 results)

Total operating revenues for first quarter 2006 increased 21.4 percent to \$2.02 billion, compared to \$1.66 billion for first quarter 2005. Operating income increased 21.0 percent to \$98 million from \$81 million in first quarter 2005. Excluding the impact of SFAS 133 items, operating income increased 38.6 percent to \$115 million from \$83 million in first quarter 2005. Revenue passenger miles (RPMs) increased 15.4 percent in first quarter 2006, as compared to a 9.1 percent increase in available seat miles (ASMs), resulting in a 3.8 point increase in load factor to 69.2 percent. The passenger revenue yield per RPM increased 5.4 percent to 12.68 cents from 12.03 cents in first quarter 2005. Operating revenue yield per ASM (RASM) increased 11.3 percent to 9.15 cents from 8.22 cents in first quarter 2005.

Total first quarter 2006 operating expenses were \$1.92 billion, compared to \$1.58 billion in first quarter 2005. Operating expenses per ASM (CASM) for first quarter 2006 increased 11.3 percent to 8.70 cents, compared to 7.82 cents in first quarter 2005. Excluding SFAS 133 items, CASM for first quarter 2006 increased 10.4 percent to 8.62 cents, compared to 7.81 cents for first quarter 2005. CASM, excluding fuel, for first quarter 2006 was down slightly from last year's 6.44 cents.

Net cash provided by operations for first quarter 2006 was \$751 million, which included a \$205 million increase in fuel hedge-related collateral

deposits. Capital expenditures were \$262 million for first quarter 2006. In January 2006, the Company's Board of Directors authorized purchases of up to \$300 million of the Company's common stock. As of yesterday, the Company had repurchased 15.4 million shares of common stock for a total of \$261 million. The Company ended first quarter 2006 with \$2.9 billion in cash and short-term investments. In addition, the Company had a fully available unsecured revolving credit line of \$600 million.

First quarter 2006 "other expenses" of \$2 million consisted of \$4 million in net interest expense offset by \$2 million in "other gains" resulting primarily from SFAS 133 items. Excluding these SFAS 133 items, "other losses" were \$11 million for first quarter 2006, consisting primarily of costs associated with the Company's fuel hedging program.

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 are contained in the Company's periodic filings with

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the Securities and Exchange Commission, including without limitation, the Company's Annual Report on Form 10-K for the year ended 2005 and subsequent filings. 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
(in millions except per share amounts)
(unaudited)

<TABLE>
<CAPTION>

	THREE MONTHS ENDED MARCH 31,		
	2006	2005	Percent Change
<S>	<C>	<C>	<C>
OPERATING REVENUES:			
Passenger	\$ 1,938	\$ 1,592	21.7
Freight	35	34	2.9
Other	46	37	24.3
Total operating revenues	2,019	1,663	21.4
OPERATING EXPENSES:			
Salaries, wages, and benefits	716	660	8.5
Fuel and oil	501	279	79.6
Maintenance materials and repairs	104	106	(1.9)
Aircraft rentals	40	43	(7.0)
Landing fees and other rentals	120	113	6.2
Depreciation and amortization	124	112	10.7
Other operating expenses	316	269	17.5
Total operating expenses	1,921	1,582	21.4
OPERATING INCOME	98	81	21.0
OTHER EXPENSES (INCOME):			
Interest expense	34	27	25.9
Capitalized interest	(12)	(9)	33.3
Interest income	(18)	(7)	157.1
Other (gains) losses, net	(2)	(19)	n.a.
Total other expenses (income)	2	(8)	n.a.
INCOME BEFORE INCOME TAXES	96	89	7.9
PROVISION FOR INCOME TAXES	35	30	16.7
NET INCOME	\$ 61	\$ 59	3.4

NET INCOME PER SHARE:					
Basic	\$	.08	\$	.08	
Diluted	\$	.07	\$	.07	

WEIGHTED AVERAGE SHARES OUTSTANDING:					
Basic		803		784	
Diluted		836		802	

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SOUTHWEST AIRLINES CO.
COMPARATIVE CONSOLIDATED OPERATING STATISTICS
(unaudited)

<TABLE>
<CAPTION>

	Three months ended March 31,		
	2006	2005	Change
	-----	-----	-----
<S>	<C>	<C>	<C>
Revenue passengers carried	19,199,483	17,474,557	9.9%
Enplaned passengers	22,015,484	19,780,746	11.3%
Revenue passenger miles (RPMs) (000s)	15,280,497	13,238,009	15.4%
Available seat miles (ASMs) (000s)	22,079,458	20,231,599	9.1%
Load factor	69.2%	65.4%	3.8 pts.
Average length of passenger haul (miles)	796	758	5.0%
Average aircraft stage length (miles)	617	596	3.5%
Trips flown	262,449	249,119	5.4%
Average passenger fare	\$ 100.94	\$ 91.15	10.7%
Passenger revenue yield per RPM (cents)	12.68	12.03	5.4%
Operating revenue yield per ASM (cents)	9.15	8.22	11.3%
Operating expenses per ASM (GAAP, in cents)	8.70	7.82	11.3%
Operating expenses per ASM (economic, in cents)	8.62	7.81	10.4%
Operating expenses per ASM, excluding fuel (cents)	6.43	6.44	(0.2)%
Fuel costs per gallon, excluding fuel tax (unhedged)	\$ 1.863	\$ 1.409	32.2%
Fuel costs per gallon, excluding fuel tax (GAAP)	\$ 1.514	\$.903	67.7%
Fuel costs per gallon, excluding fuel tax (economic)	\$ 1.462	\$.898	62.8%
Fuel consumed, in gallons (millions)	329	307	7.2%
Number of Employees at period-end	31,396	30,974	1.4%
Size of fleet at period-end	451	424	6.4%

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SOUTHWEST AIRLINES CO.
CONDENSED CONSOLIDATED BALANCE SHEET
(in millions)
(unaudited)

<TABLE>
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	MARCH 31, 2006	December 31, 2005
	-----	-----
<S>	<C>	<C>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,600	\$ 2,280
Short-term investments	320	251
Accounts and other receivables	250	258
Inventories of parts and supplies, at cost	158	150
Fuel hedge contracts	705	641
Prepaid expenses and other current assets	59	40
	-----	-----
Total current assets	4,092	3,620
Property and equipment, at cost:		
Flight equipment	10,789	10,592
Ground property and equipment	1,274	1,256
Deposits on flight equipment purchase contracts	691	660
	-----	-----
	12,754	12,508
Less allowance for depreciation and amortization	3,403	3,296

	9,351	9,212
Other assets	1,280	1,171
	\$ 14,723	\$ 14,003
=====		
LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 585	\$ 524
Accrued liabilities	2,361	2,074
Air traffic liability	929	649
Current maturities of long-term debt	574	601
	-----	-----
Total current liabilities	4,449	3,848
Long-term debt less current maturities	1,368	1,394
Deferred income taxes	1,752	1,681
Deferred gains from sale and leaseback of aircraft	132	136
Other deferred liabilities	257	269
Stockholders' equity:		
Common stock	808	802
Capital in excess of par value	1,024	963
Retained earnings	4,016	4,018
Accumulated other comprehensive income	1,009	892
Treasury stock, at cost	(92)	--
	-----	-----
Total stockholders' equity	6,765	6,675
	-----	-----
	\$ 14,723	\$ 14,003
	=====	=====

</TABLE>

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

<TABLE>
<CAPTION>

	THREE MONTHS ENDED MARCH 31,	
	2006	2005
	-----	-----
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 61	\$ 59
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	124	112
Deferred income taxes	35	30
Amortization of deferred gains on sale and leaseback of aircraft	(4)	(4)
Share-based compensation expense	22	20
Excess tax benefits from share-based compensation arrangements	(28)	(6)
Changes in certain assets and liabilities:		
Accounts and other receivables	(13)	(85)
Other current assets	14	(12)
Accounts payable and accrued liabilities	317	593
Air traffic liability	280	195
Other	(57)	(38)
	-----	-----
Net cash provided by operating activities	751	864
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment, net	(262)	(407)
Change in short-term investments, net	(68)	257
Payment for assets of ATA Airlines, Inc.	--	(6)
Proceeds from ATA Airlines, Inc. debtor in possession loan	20	--
Other investing activities, net	1	--
	-----	-----
Net cash used in investing activities	(309)	(156)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of long-term debt	--	300
Proceeds from Employee stock plans	107	19
Payments of long-term debt and capital lease obligations	(37)	(108)

Payments of cash dividends	(7)	(7)
Repurchase of common stock	(214)	(55)
Excess tax benefits from share-based compensation arrangements	28	6
Other, net	1	(3)
	-----	-----
Net cash provided by (used in) financing activities	(122)	152
	-----	-----
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	320	860
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	2,280	1,048
	-----	-----
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 2,600	\$ 1,908
	=====	=====

</TABLE>

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SOUTHWEST AIRLINES CO.
SUPPLEMENTAL SCHEDULE I
RECONCILIATION OF PREVIOUSLY REPORTED AMOUNTS TO ADJUSTED AMOUNTS
AND TO NON-GAAP ITEMS (SEE NOTE)
(in millions, except per share amounts)
(unaudited)

<TABLE>
<CAPTION>

	2005				

	Three months ended				Year
	-----				-----
ended	March 31	June 30	Sept 30	Dec 31	
	-----	-----	-----	-----	---
Dec 31					
	-----	-----	-----	-----	---
<S>	<C>	<C>	<C>	<C>	<C>
NET INCOME, AS PREVIOUSLY REPORTED	\$ 76	\$ 159	\$ 227	\$ 86	\$
548					
Less: impact of SFAS 123R (Salaries, wages, and benefits) (1)	(20)	(18)	(19)	(23)	
(80)					
Less: impact of change in maintenance accounting					
(Maintenance materials and repairs)	(5)	(4)	(6)	--	
(15)					
Add: Income tax benefit from accounting changes (2)	8	7	8	7	
31					
	-----	-----	-----	-----	---
NET INCOME - ADJUSTED (GAAP BASIS)	\$ 59	\$ 144	\$ 210	\$ 70	\$
484					
Add/(Deduct): non-GAAP adjustments	(16)	2	(55)	11	
(59)					
	-----	-----	-----	-----	---
NET INCOME - ADJUSTED (ECONOMIC BASIS)	\$ 43	\$ 146	\$ 155	\$ 81	\$
425					
	=====	=====	=====	=====	
WEIGHTED-AVERAGE SHARES OUTSTANDING, DILUTED, AS					
PREVIOUSLY REPORTED	812	811	810	823	
814					
Less: impact of SFAS 123R (1)	(10)	(9)	(8)	(7)	
(8)					
	-----	-----	-----	-----	---
WEIGHTED-AVERAGE SHARES OUTSTANDING, DILUTED - ADJUSTED	802	802	802	816	
806					
	=====	=====	=====	=====	
NET INCOME PER SHARE, BASIC, AS PREVIOUSLY REPORTED	\$.10	\$.20	\$.29	\$.11	\$
.70					
Less: impact of SFAS 123R, net of tax (1)	(.02)	(.02)	(.01)	(.02)	
(.08)					

Less: impact of maintenance accounting change, net of tax (.01)	--	--	(.01)	--	
-----	-----	-----	-----	-----	-----
NET INCOME PER SHARE, BASIC - ADJUSTED (GAAP BASIS) .61	\$.08	\$.18	\$.27	\$.09	\$
Add/(Deduct): non-GAAP adjustments (.07)	(.02)	.01	(.07)	.01	
-----	-----	-----	-----	-----	-----
NET INCOME PER SHARE, BASIC - ADJUSTED (ECONOMIC BASIS) .54	\$.06	\$.19	\$.20	\$.10	\$
=====	=====	=====	=====	=====	=====
NET INCOME PER SHARE, DILUTED, AS PREVIOUSLY REPORTED .67	\$.09	\$.20	\$.28	\$.10	\$
Less: impact of SFAS 123R, net of tax (1) (.06)	(.02)	(.02)	(.02)	(.01)	
Less: impact of maintenance accounting change, net of tax (.01)	--	--	--	--	
-----	-----	-----	-----	-----	-----
NET INCOME PER SHARE, DILUTED - ADJUSTED (GAAP BASIS) .60	\$.07	\$.18	\$.26	\$.09	\$
Add/(Deduct): non-GAAP adjustments (.07)	(.02)	--	(.07)	.01	
-----	-----	-----	-----	-----	-----
NET INCOME PER SHARE, DILUTED - ADJUSTED (ECONOMIC BASIS) .53	\$.05	\$.18	\$.19	\$.10	\$
=====	=====	=====	=====	=====	=====

</TABLE>

(1) The adjustments to prior years from the adoption of SFAS 123R differ from the amounts disclosed in previous years' financial statements due to the treatment of the assumed impact of profitsharing expense. In prior periods, the Company's disclosures have reflected share-based compensation expense net of applicable profitsharing expense, due to the fact that if share-based compensation expense had been recorded, Company profitsharing contributions would have been reduced. However, although the Company has elected to adjust prior period financial statements, the Company's Profitsharing Plan precludes the Company from changing prior years' profitsharing contributions made or accrued. The profitsharing amount related to 2005 was \$12 million, or \$3 million per quarter. On a per share basis for 2005, the \$12 million resulted in a difference of \$.02, both basic and diluted.

(2) Tax impact related to the SFAS 123R accounting change was \$6 million in the first three quarters of 2005 and \$7 million in fourth quarter 2005. The remaining tax impact related to the maintenance accounting change.

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SOUTHWEST AIRLINES CO.
SUPPLEMENTAL SCHEDULE II
RECONCILIATION OF REPORTED AMOUNTS TO NON-GAAP ITEMS (SEE NOTE)
(in millions, except per share amounts)
(unaudited)

<TABLE>
<CAPTION>

	THREE MONTHS ENDED MARCH 31,		
	2006	2005	Percent Change
<S>	<C>	<C>	<C>
FUEL AND OIL EXPENSE - UNHEDGED	\$ 617	\$ 434	
Less: fuel hedge gains included in fuel and oil expense	(116)	(155)	
	-----	-----	
GAAP FUEL AND OIL EXPENSE, AS REPORTED	501	279	79.6
Add/(Deduct): impact from settled contracts included in Other (gains) losses, net	10	(4)	
Add/(Deduct): fuel contract impact recognized in earnings in prior periods for contracts settling in the current period	(27)	2	
	-----	-----	
FUEL AND OIL EXPENSE - ECONOMIC BASIS	\$ 484	\$ 277	74.7

OPERATING INCOME, AS REPORTED	\$ 98	\$ 81	
Add/(Deduct): impact from settled contracts			
included in Other (gains) losses, net	(10)	4	
Add/(Deduct): fuel contract impact recognized in earnings			
in prior periods for contracts settling in the current period	27	(2)	
	-----	-----	
OPERATING INCOME - ECONOMIC FUEL BASIS	\$ 115	\$ 83	38.6
	=====	=====	
OTHER (GAINS) LOSSES, NET, AS REPORTED	\$ (2)	\$ (19)	
Add/(Deduct): Mark-to-market impact from fuel contracts			
settling in future periods	40	10	
Add/(Deduct): Ineffectiveness from fuel hedges settling in future periods	(17)	13	
Add/(Deduct): impact from settled contracts			
included in Other (gains) losses, net	(10)	4	
	-----	-----	
OTHER (GAINS) LOSSES, NET - ECONOMIC FUEL BASIS	\$ 11	\$ 8	n.a.
	=====	=====	
NET INCOME, AS REPORTED	\$ 61	\$ 59	
Add/(Deduct): Mark-to-market impact from fuel contracts			
settling in future periods	(40)	(10)	
Add/(Deduct): Ineffectiveness from fuel hedges settling in future periods	17	(13)	
Add/(Deduct): fuel contract impact recognized in earnings			
in prior periods for contracts settling in the current period	27	(2)	
	-----	-----	
Income tax impact of unrealized items	(1)	9	
	-----	-----	
NET INCOME - ECONOMIC FUEL BASIS	\$ 64	\$ 43	48.8
	=====	=====	
NET INCOME PER SHARE, DILUTED, AS REPORTED	\$.07	\$.07	
Add/(Deduct): impact of fuel contracts, net of income taxes	.01	(.02)	
	-----	-----	
NET INCOME PER SHARE, DILUTED - ECONOMIC FUEL BASIS	\$.08	\$.05	60.0
	=====	=====	

</TABLE>

Note regarding use of non-GAAP financial measures

The non-GAAP items referred to in this news release are provided as supplemental information, and should not be relied upon as alternative measures to Generally Accepted Accounting Principles (GAAP). These non-GAAP measures include items calculated by the Company on an "economic" basis, which excludes certain unrealized items that are recorded as a result of SFAS 133, "Accounting for Derivative Instruments and Hedging Activities", as amended. The unrealized items consist of gains or losses for derivative instruments that will settle in future accounting periods or gains or losses that have been recognized in prior period results, but which have settled in the current period. This includes ineffectiveness, as defined, for future period instruments and the change in market value for future period derivatives that no longer qualified for special hedge accounting, as defined in SFAS 133.

The Company's management utilizes both the GAAP and the non-GAAP results in this news release to evaluate the Company's performance and believes that comparative analysis of results can be enhanced by excluding the impact of the unrealized items. Management believes in certain cases, the Company's GAAP results are not indicative of the Company's operating performance for the applicable period, nor should they be considered in developing trend analysis for future periods. In addition, since fuel expense is such a large part of the Company's operating costs and is subject to extreme volatility, the Company believes it is useful to provide investors with the Company's true economic cost of fuel for the periods presented, based on cash settlements from hedging activities, but excluding the unrealized impact of hedges that will settle in future periods or were recognized in prior periods.

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SOUTHWEST AIRLINES CO.
SUPPLEMENTAL SCHEDULE III
RECONCILIATION OF REPORTED AMOUNTS TO NON-GAAP ITEMS (AS ADJUSTED -
SEE NOTE ON SCHEDULE II)
(in millions, except per share amounts)
(unaudited)

<TABLE>
<CAPTION>

2005

Three months ended

Year ended		June 30	Sept 30	Dec 31	
Dec 31					
-----		-----	-----	-----	--
<S>		<C>	<C>	<C>	
<C>					
FUEL AND OIL EXPENSE - UNHEDGED		\$ 526	\$ 613	\$ 660	\$
2,234					
Less: fuel hedge impact included in fuel and oil expense		(196)	(276)	(265)	
(892)					
-----		-----	-----	-----	--
GAAP FUEL AND OIL EXPENSE, AS REPORTED		330	337	395	
1,342					
Add/(Deduct): impact from settled contracts					
included in Other (gains) losses, net		5	(22)	5	
(24)					
Add/(Deduct): fuel contract impact recognized in earnings					
in prior periods for contracts settling in the current period		(5)	3	2	
10					
-----		-----	-----	-----	--
FUEL AND OIL EXPENSE - ECONOMIC BASIS		\$ 330	\$ 318	\$ 402	\$
1,328					
=====		=====	=====	=====	
OPERATING INCOME, AS REPORTED (ADJUSTED)		\$ 256	\$ 248	\$ 140	\$
725					
Add/(Deduct): impact from settled contracts					
included in Other (gains) losses, net		(5)	22	(5)	
24					
Add/(Deduct): fuel contract impact recognized in earnings					
in prior periods for contracts settling in the current period		5	(3)	(2)	
(10)					
-----		-----	-----	-----	--
OPERATING INCOME - ECONOMIC FUEL BASIS (ADJUSTED)		\$ 256	\$ 267	\$ 133	\$
739					
=====		=====	=====	=====	
OTHER (GAINS) LOSSES, NET, AS REPORTED		\$ 11	\$ (104)	\$ 22	\$
(90)					
Add/(Deduct): Mark-to-market impact from fuel contracts					
settling in future periods		2	73	(8)	
77					
Add/(Deduct): Ineffectiveness from fuel hedges settling in future periods		1	14	(11)	
9					
Add/(Deduct): impact from settled contracts					
included in Other (gains) losses, net		(5)	22	(5)	
24					
-----		-----	-----	-----	--
OTHER (GAINS) LOSSES, NET - ECONOMIC FUEL BASIS		\$ 9	\$ 5	\$ (2)	\$
20					
=====		=====	=====	=====	
NET INCOME, AS REPORTED (ADJUSTED)		\$ 144	\$ 210	\$ 70	\$
484					
Add/(Deduct): Mark-to-market impact from fuel contracts					
settling in future periods		(2)	(73)	8	
(77)					
Add/(Deduct): Ineffectiveness from fuel hedges settling in future periods		(1)	(14)	11	
(9)					
Add/(Deduct): fuel contract impact recognized in earnings					
in prior periods for contracts settling in the current period		5	(3)	(2)	
(10)					
Income tax impact of unrealized items		--	35	(6)	
37					
-----		-----	-----	-----	--
NET INCOME - ECONOMIC FUEL BASIS (ADJUSTED)		\$ 146	\$ 155	\$ 81	\$
425					
=====		=====	=====	=====	
NET INCOME PER SHARE, DILUTED, AS REPORTED (ADJUSTED)		\$.18	\$.26	\$.09	\$
.60					
Add/(Deduct): impact of fuel contracts, net of income taxes		--	(.07)	.01	
(.07)					
-----		-----	-----	-----	--

NET INCOME PER SHARE, DILUTED - ECONOMIC FUEL BASIS (ADJUSTED)	\$	.18	\$	.19
.53			\$	.10
-----	-----	-----	-----	---

</TABLE>

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SOUTHWEST AIRLINES CO
SUPPLEMENTAL SCHEDULE IV
BOEING 737-700 DELIVERY SCHEDULE

<TABLE>
<CAPTION>

	FIRM	OPTIONS	PURCHASE RIGHTS
<S>	<C>	<C>	<C>
2006	33*		
2007	36		
2008	30	6	
2009	18	18	
2010	10	32	
2011	10	30	
2012	10	30	
2008-2014	--	--	54
	-----	-----	-----
	147	116	54
	=====	=====	=====

</TABLE>

*Includes six aircraft delivered in first quarter and one aircraft delivered thus far in April

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