SEC Form 4

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person*
KELLEHER HERBERT D

(Last) (First) (Middle)
C/O SOUTHWEST AIRLINES CO
P O BOX 36611

(Street)
DALLAS TX 75235

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
SOUTHWEST AIRLINES CO [LUV]

3. Date of Earliest Transaction (Month/Day/Year)
10/14/2004

4. If Amendment, Date of Original Filed (Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer (Check all applicable)
X Director
10% Owner
Officer (give title below)
Other (specify below)

6. Individual or Joint/Group Filing (Check Applicable Line)
X Form filed by One Reporting Person
Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	10/14/2004		M		323,830	A	$1	3,707,817	D	
Common Stock	10/14/2004		M		176,170	A	$4.64	3,883,987	D	
Common Stock	10/14/2004		F		110,718	D	$14.02	3,773,269	D	
Common Stock	10/14/2004		F		81,401	D	$14.02	3,691,868	D	
Common Stock								304,380	I	As Family LLC[2]

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares				
Options (Right to Buy)	$14.95	10/14/2004		A		66,667		07/15/2004	07/15/2014	Common Stock	66,667	$14.95	66,667[1]	D	
Options (Right to Buy)	$14.95	10/14/2004		A		66,666		07/15/2005	07/15/2014	Common Stock	66,666	$14.95	133,333[1]	D	
Options (Right to Buy)	$14.95	10/14/2004		A		66,667		07/15/2006	07/15/2014	Common Stock	66,667	$14.95	200,000[1]	D	
Option (Right to Buy)	$1	10/14/2004		M			323,830[1]	01/01/2000	01/01/2006	Common Stock	323,830	$1	0	D	
Option (Right to Buy)	$4.64	10/14/2004		M			176,170[1]	01/01/2000	01/01/2006	Common Stock	176,170	$4.64	1,848,830	D	

Explanation of Responses:

1. Options granted from the 1996 NQ Plan.

2. Reporting person holds these shares for the benefit of other individuals. The reporting person's spouse is a principal. The reporting person disclaims beneficial ownership of these shares, and the filing of this report is not an admission that reporting person is a beneficial owner of these shares for pusposes of Section 16 or for any other purposes.

On behalf of and attorney-in-fact for Herbert D. Kelleher /s/ Deborah Ackerman 10/15/2004

** Signature of Reporting Person Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

* If the form is filed by more than one reporting person, *see* Instruction 4 (b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.