
**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): January 30, 2013



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

Texas
(State or other Jurisdiction
of Incorporation)

1-7259
(Commission
File Number)

74-1563240
(IRS Employer
Identification No.)

P.O. Box 36611, Dallas, Texas
(Address of Principal Executive Offices)

75235-1611
(Zip Code)

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

Not Applicable
(Former name or former address if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

As discussed in the Company's 2012 proxy statement, the Compensation Committee (the "Committee") of the Company's Board of Directors has been executing a multi-year plan for addressing the adequacy and retention value of the Company's executive compensation, while at the same time (i) linking executive pay more closely to Company and individual performance and (ii) providing for a significant percentage of pay at risk. As part of the multi-year plan, since 2011 (for bonuses earned for 2010), the Committee has assessed Company performance relative to broad categories of performance standards. On January 30, 2013, the Committee took another step in its multi-year plan by adopting a written plan: the Southwest Airlines Co. Senior Executive Short Term Incentive Plan (the "Plan").

The Plan provides for the payment of cash bonuses based on the Committee's discretion and judgment taking into account attainment of performance targets that are pre-established by the Committee. Unless otherwise determined by the Committee, all employees of the Company at the level of Senior Vice President and above are eligible to participate in the Plan. Additionally, the Committee has sole discretion to determine those other individuals, if any, who may be eligible to participate in the Plan from time to time. Bonuses are payable under the Plan to eligible participants for any calendar year or for such longer or shorter period as may be established by the Committee. The Committee has sole discretion to determine the performance measures to be used under the Plan, which may include, for example, financial and operational performance measures, both internal and external. Separate performance targets may be established with respect to individual performance criteria, which may or may not be combined with performance targets based on overall Company performance. In addition, separate performance targets may be established with respect to the Company as a whole and/or a unit, division or department of the Company.

The formula below is one example of how bonuses might be calculated under the Plan:

Annual Bonus = [Performance Target Achievement x Target Bonus Opportunity x Base Salary]

"Performance Target Achievement" is the level of achievement with respect to a performance measure expressed as a percentage, which percentage will typically range from 0% to 150% depending on the level of performance achieved. The Performance Target Achievements will be pro rated between levels of performance measures. A "Target Bonus Opportunity" is a percentage of a participant's base salary that will be established by the Committee in its discretion and may vary (typically from 10% to 150%) depending on the roles and responsibilities of the participant. Unless otherwise determined by the Committee, base salary is a participant's annualized base salary payable on the date the Committee takes action to establish a bonus opportunity.

This description of the Plan is qualified in its entirety by reference to the Plan filed as Exhibit 99.1 to this report and is incorporated into this Item 5.02 by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Southwest Airlines Co. Senior Executive Short Term Incentive Plan.

SIGNATURE

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.

Date: January 30, 2013

By: /s/ Tammy Romo

Name: Tammy Romo

Title: Senior Vice President Finance and
Chief Financial Officer

(Principal Financial and Accounting Officer)

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Southwest Airlines Co. Senior Executive Short Term Incentive Plan.

Southwest Airlines Co.
Senior Executive Short Term Incentive Plan

The Compensation Committee of the Board of Directors (the “Committee”) of Southwest Airlines Co. (the “Company”) has adopted this Senior Executive Short Term Incentive Plan (the “Plan”) to provide for bonuses to be determined pursuant to the Target Bonus Opportunities, Performance Targets, and Performance Measures discussed below. Bonuses will be payable to eligible participants for any calendar year or for such longer or shorter period as may be established by the Committee (a “Performance Period”).

I. Eligibility

Unless otherwise determined by the Committee, employees of the Company at the level of Senior Vice President and above shall be eligible to participate in the Plan. In addition, the Committee shall have sole discretion to determine those other individuals who shall be eligible to participate in the Plan from time to time.

II. Performance Measures

The Committee shall have sole discretion to determine performance measures, which may include, without limitation, financial and operational performance measures, both internal and external. Performance measures will be established by the Committee in its discretion, typically prior to or during the first few months of a Performance Period.

III. Target Bonus Opportunities

Bonuses payable under the Plan will be based on the Committee’s discretion and judgment taking into account attainment of performance targets that are pre-established by the Committee. The formula below is one example of how bonuses might be calculated:

$$\text{Annual Bonus} = [\text{Performance Target Achievement} \times \text{Target Bonus Opportunity} \times \text{Base Salary}]$$

Separate performance targets may be established with respect to individual performance criteria, which may or may not be combined with performance targets based on overall Company performance. In addition, separate performance targets may be established with respect to the Company as a whole and/or a unit, division, or department of the Company.

A. Performance Target Achievements. The level of achievement of a performance target will be based on the level of achievement of a particular performance measure (*i.e.*, the payout percentage with respect to a goal set for a performance measure) established by the Committee. While the Committee has the discretion to establish performance target achievements, performance target achievements will typically range between 0% and 150%, depending on the level of performance achieved. The performance target achievements will be pro rated between levels of performance measures.

B. Target Bonus Opportunity. The target bonus opportunity is a percentage of the Participant's base salary. The percentage will vary for each level of management within the Company and will be established by the Committee in its discretion. While the target bonus opportunity can be any percentage established by the Committee, it will typically range between 10% and 150% of the base salary of the participant, depending on the roles and responsibilities of the participant.

C. Base Salary. Unless determined otherwise by the Committee, base salary means as to any specific Performance Period, a Participant's annualized base salary payable on the day the Committee takes action to establish a bonus opportunity. Base salary will not be reduced by any voluntary salary reductions or any salary reduction contribution made to any salary reduction plan, defined contribution plan, or other deferred compensation plan, but base salary does not include any payments under the Plan, any equity compensation awards, or any other bonuses, incentive pay, or special awards.