

SOUTHWEST AIRLINES CO
 Form 4
 October 15, 2004

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

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 Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer (give title below) Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
 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)
				(A) or (D)	Price		
				Code	V	Amount	
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)

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

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(9-02)

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 Underlying Security (Instr. 3 and 4)	Amount of Underlying Securities (Instr. 3 and 4)	
					V	(A)	(D)	Date Exercisable			Expiration Date
Options (Right to Buy)	\$ 14.95	10/14/2004		A		66,667		07/15/2004	07/15/2014	Common Stock	66,667
Options (Right to Buy)	\$ 14.95	10/14/2004		A		66,666		07/15/2005	07/15/2014	Common Stock	66,666
Options (Right to Buy)	\$ 14.95	10/14/2004		A		66,667		07/15/2006	07/15/2014	Common Stock	66,667
Option (Right to Buy)	\$ 1	10/14/2004		M		323,830 <u>(1)</u>		01/01/2000	01/01/2006	Common Stock	323,830
Option (Right to Buy)	\$ 4.64	10/14/2004		M		176,170 <u>(1)</u>		01/01/2000	01/01/2006	Common Stock	176,170

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
KELLEHER HERBERT D C/O SOUTHWEST AIRLINES CO P O BOX 36611 DALLAS, TX 75235	X			

Signatures

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

10/15/2004

__Signature of Reporting Person

Date

Explanation of Responses:

* 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).

(1) Options granted from the 1996 NQ Plan.

Reporting person holds these shares for the benefit of other individuals. The reporting person's spouse is a principal. The reporting person

(2) 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 purposes of Section 16 or for any other purposes.

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

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