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SOUTHWEST AIRLINES CO
Form 10-Q
July 22, 2003

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2003 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
(State or other jurisdiction of
incorporation or organization)

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

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 No

Indicate by check mark whether the registrant is an accelerated filer (as
defined in Rule 12b-2 of the Exchange Act.) Yes 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
July 18, 2003:

782,931,936

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Part I - FINANCIAL INFORMATION

Item 1. Financial Statements

Southwest Airlines Co.
Condensed Consolidated Balance Sheet
(in millions)
(unaudited)

| | June 30, 2003 | December 31, 2002 |
|--|---------------|-------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$2,204 | \$1,815 |
| Accounts and other receivables | 128 | 175 |
| Inventories of parts and supplies, at cost | 87 | 86 |
| Fuel hedge contracts | 111 | 113 |
| Prepaid expenses and other current assets | 51 | 43 |
| Total current assets | 2,581 | 2,232 |
| Property and equipment, at cost: | | |
| Flight equipment | 8,211 | 8,025 |
| Ground property and equipment | 1,075 | 1,042 |
| Deposits on flight equipment purchase contracts | 665 | 389 |
| | 9,951 | 9,456 |
| Less allowance for depreciation and amortization | 3,001 | 2,810 |
| | 6,950 | 6,646 |
| Other assets | 107 | 76 |
| | \$9,638 | \$8,954 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$341 | \$362 |
| Accrued liabilities | 599 | 529 |
| Air traffic liability | 575 | 412 |
| Income taxes payable | 11 | - |
| Current maturities of long-term debt | 132 | 131 |
| Total current liabilities | 1,658 | 1,434 |
| Long-term debt less current maturities | 1,539 | 1,553 |
| Deferred income taxes | 1,388 | 1,227 |
| Deferred gains from sale and leaseback of aircraft | 176 | 184 |
| Other deferred liabilities | 140 | 134 |
| Stockholders' equity: | | |
| Common stock | 782 | 777 |
| Capital in excess of par value | 163 | 136 |
| Retained earnings | 3,718 | 3,455 |
| Accumulated other comprehensive income | 74 | 54 |
| Total stockholders' equity | 4,737 | 4,422 |
| | \$9,638 | \$8,954 |