

SOUTHWEST AIRLINES CO
 Form 4
 March 10, 2010

FORM 4

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

OMB APPROVAL

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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 *
KELLY GARY C

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

5. Relationship of Reporting Person(s) to Issuer
 (Check all applicable)

(Last) (First) (Middle)
SOUTHWEST AIRLINES CO., 2702 LOVE FIELD DR.
 (Street)
DALLAS, TX 75235
 (City) (State) (Zip)

3. Date of Earliest Transaction (Month/Day/Year)
03/08/2010

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

Director 10% Owner
 Officer (give title below) Other (specify below)
 Chairman, President, CEO

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 Ownership (Instr. 4)
				Code V Amount (A) or (D) Price			
Common Stock	03/08/2010		M	50,000 A \$ 6.75	196,019	D	
Common Stock	03/08/2010		F	32,816 D \$ 12.67	163,203	D	

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

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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 Securities (Instr. 3 and 4)
				Code	V (A) (D)	Date Exercisable Expiration Date	Title Amount or Number of Shares
Employee Stock Option (right to buy)	\$ 6.75	03/08/2010		M	50,000	<u>(1)</u> 02/01/2019	Common Stock 50,000

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
KELLY GARY C SOUTHWEST AIRLINES CO. 2702 LOVE FIELD DR. DALLAS, TX 75235	X		Chairman, President, CEO	

Signatures

/s/ Marilyn R. Post on behalf of and as attorney-in-fact for Gary C. Kelly

03/10/2010

__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) The option vests in three equal annual installments, 50,000 of which vested on February 2, 2010, and 50,000 of which will vest on each of February 2, 2011, and February 2, 2012.

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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