

SOUTHWEST AIRLINES CO  
Form 10-Q  
August 05, 2011

UNITED STATES  
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, 2011

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)

P.O. Box 36611

Dallas, Texas

(Address of principal executive offices)

74-1563240

(IRS Employer Identification No.)

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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company)  
reporting company

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Number of shares of Common Stock outstanding as of the close of business on August 3, 2011: 803,997,967

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Part I - FINANCIAL INFORMATION

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

	June 30, 2011	December 31, 2010
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,595	\$ 1,261
Short-term investments	2,779	2,277
Accounts and other receivables	389	195
Inventories of parts and supplies, at cost	394	243
Deferred income taxes	-	214
Prepaid expenses and other current assets	264	89
Total current assets	5,421	4,279
Property and equipment, at cost:		
Flight equipment	15,255	13,991
Ground property and equipment	2,286	2,122
Deposits on flight equipment purchase contracts	226	230
	17,767	16,343
Less allowance for depreciation and amortization	6,046	5,765
	11,721	10,578
Goodwill	971	-
Other assets	832	606
	\$ 18,945	\$ 15,463
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 1,049	\$ 739
Accrued liabilities	1,130	863
Air traffic liability	2,149	1,198
Current maturities of long-term debt	990	505
Total current liabilities	5,318	3,305
Long-term debt less current maturities	3,242	2,875
Deferred income taxes	2,263	2,493
Deferred gains from sale and leaseback of aircraft	82	88

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Other non-current liabilities	838	465
Stockholders' equity:		
Common stock	808	808
Capital in excess of par value	1,219	1,183
Retained earnings	5,398	5,399
Accumulated other comprehensive loss	(107 )	(262 )
Treasury stock, at cost	(116 )	(891 )
Total stockholders' equity	7,202	6,237
	\$ 18,945	\$ 15,463

See accompanying notes.

Southwest Airlines Co.  
Condensed Consolidated Statement of Operations  
(in millions, except per share amounts)  
(unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2011	2010	2011	2010
<b>OPERATING REVENUES:</b>				
Passenger	\$3,876	\$3,016	\$6,814	\$5,511
Freight	36	33	67	63
Other	224	119	357	224
Total operating revenues	4,136	3,168	7,238	5,798
<b>OPERATING EXPENSES:</b>				
Salaries, wages, and benefits	1,125	946	2,078	