

Report of Organizational Actions Affecting Basis of Securities

OMB No. 1545-2224

► See separate instructions.

Part I Reporting Issuer

1 Issuer's name		2 Issuer's employer identification number (EIN)	
Southwest Airlines Co.		74-1563240	
3 Name of contact for additional information	4 Telephone No. of contact	5 Email address of contact	
Southwest Airlines Co. Investor Relations	214.792.4415	InvestorRelations@wnco.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact		7 City, town, or post office, state, and Zip code of contact	
P.O. Box 36611		Dallas, Texas 75235	
8 Date of action		9 Classification and description	
May 2, 2011		Common Stock of Southwest Airlines Co.	
10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)
844741108		LUV	

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

- 14** Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ► [See attached Form 8937 Appendix A.](#)

- 15** Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ► [See attached Form 8937 Appendix A.](#)

- 16** Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ► [See attached Form 8937 Appendix A.](#)

Part II Organizational Action (continued)**17** List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ►See attached Form 8937 Appendix A.**18** Can any resulting loss be recognized? ► No.**19** Provide any other information necessary to implement the adjustment, such as the reportable tax year ►See attached Form 8937 Appendix A**Sign
Here**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature ► Laura WrightDate ► 1/16/2012Print your name ► Laura WrightTitle ► Sr. VP Finance & CFO**Paid
Preparer
Use Only**

Print/Type preparer's name

Preparer's signature

Date

Check ☐ if
self-employed PTIN

Firm's name ►

Firm's EIN ►

Firm's address ►

Phone no.

**Southwest Airlines Co.
Form 8937 Appendix A**

On May 2, 2011, Southwest Airlines Co. (“**SWA**”) acquired, in a merger transaction, all of the outstanding equity of AirTran Holdings, Inc. (“**ATH**”). Section 6045B of the Internal Revenue Code of 1986, as amended (the “**Code**”), and the underlying Treasury Regulations (the “**Regulations**”) provide that effective January 1, 2011, corporations that engage in certain actions which affect the basis of their stock must file with the Internal Revenue Service (the “**IRS**”) an information return describing, among other things, the action and the action’s quantitative effect on the basis of their stock. As an alternative to filing this information return with the IRS, an issuer may post the information return to its public website.

The information contained in the attached Form 8937 and this Appendix A thereto is intended to satisfy the requirements of public reporting under Section 6045B of the Code and Sections 1.6045B-1(a)(3) and (b)(4) of the Regulations by SWA and ATH. The information contained in this notice is intended to provide only a general summary of certain U.S. federal income tax consequences of the merger and is not intended to be a complete analysis or description of all potential U.S. federal income tax consequences of the merger. You should consult your own tax advisor to determine the particular federal, state, local or foreign income, reporting or other tax consequences of the merger to you.

Reporting Issuer Treas. Reg. § 1.6045B-1(a)(1)(i)	Southwest Airlines Co. EIN: 74-1563240
Security Identifiers Treas. Reg. § 1.6045B-1(a)(1)(ii)	Southwest Airlines Co. common stock, which trades on the New York Stock Exchange (“ NYSE ”) under the symbol “ LUV ” with CUSIP # 844741108. AirTran Holdings, Inc. common stock, which, prior to May 2, 2011, traded on the NYSE under the symbol “ AAI ” with CUSIP # 00949P108.
Contact at Reporting Issuer Treas. Reg. § 1.6045B-1(a)(1)(iii)	Southwest Airlines Co. Investor Relations, HDQ-6FC P.O. Box 36611 Dallas, Texas 75235 214.792.4415 InvestorRelations@wnco.com
Information About Action Treas. Reg. § 1.6045B-1(a)(1)(iv)	On May 2, 2011, SWA acquired ATH, the former parent company of AirTran Airways, Inc., in a merger transaction pursuant to Section 368(a)(1)(A) of the Code in which the ATH shareholders exchanged their ATH common stock into a right to receive SWA common stock and cash. Specifically, upon consummation of the merger, ATH shareholders were entitled to receive 0.321 shares of SWA common stock and \$3.75 in cash for each share of ATH

	common stock held immediately prior to the merger.
Effect of Action Treas. Reg. § 1.6045B-1(a)(1)(v)	<p>For holders of SWA common stock immediately prior to the merger, the aggregate tax basis of the SWA common stock held will not be affected.</p> <p>In general, the federal income tax consequences to the holders of ATH common stock immediately prior to the merger will be determined under Sections 354, 356, 358, and 368 of the Code.</p> <p>For holders of ATH common stock immediately prior to the merger, the aggregate tax basis of the SWA common stock received (including any fractional share deemed received and exchanged for cash) will be equal to the aggregate adjusted tax basis of the shares of ATH common stock surrendered, reduced by the amount of cash received (excluding any cash received in lieu of a fractional share of SWA common stock) and increased by the amount of gain, if any, recognized (excluding any gain recognized with respect to cash received in lieu of a fractional share of SWA common stock) in the merger. To the extent holders of ATH common stock owned separate, identifiable blocks of ATH common stock immediately prior to the merger, the aggregate basis of SWA common stock received must be apportioned among the shares of SWA common stock received in such a manner as to replicate the previously owned blocks of ATH common stock. Sections 354, 358, and 368 of the Code.</p> <p>Holders of ATH common stock immediately prior to the merger generally will recognize gain (but not loss) equal to the lesser of: (1) the amount of the cash received in the merger and (2) the excess, if any, of (a) the sum of the amount of the cash and the fair market value of the SWA common stock received in the merger, determined when the merger occurred, over (b) the tax basis in the ATH common stock surrendered in the merger. Sections 354, 356, and 368 of the Code. The trading price of SWA common stock at the effective time of the merger was \$11.74 per share. SWA and ATH intend to use this valuation for tax reporting purposes. Gain must be calculated separately for each identifiable block of ATH common stock surrendered in the merger. Holders who acquired different blocks of ATH common stock at different times or different prices should consult their tax advisor regarding the manner in which</p>

	<p>gain or loss should be determined.</p> <p>Holders of ATH common stock immediately prior to the merger who received cash in lieu of a fractional share of SWA common stock generally will be treated as having received such fractional share in the merger and then as having received cash in exchange for such fractional share. Gain or loss generally will be recognized based on the difference between the amount of cash received in lieu of the fractional share and the tax basis allocated to such fractional share of SWA common stock.</p>
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Treasury Department Circular 230 Notice

Any statement regarding federal taxes contained herein was not written or intended to be used, and it cannot be used, by any person (i) as a basis for avoiding federal tax penalties that may be imposed on that person, or (ii) to promote, market or recommend to another party any transaction or matter addressed herein.