

SOUTHWEST AIRLINES CO
Form S-4
November 19, 2010
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As filed with the Securities and Exchange Commission on November 19, 2010

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form S-4
REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

SOUTHWEST AIRLINES CO.

(Exact name of registrant as specified in its charter)

Texas
(State or other jurisdiction of
incorporation or organization)

4512
(Primary Standard Industrial
Classification Code Number)
2702 Love Field Drive

74-1563240
(I.R.S. Employer
Identification No.)

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Dallas, Texas 75235

(214) 792-4000

(Address, including ZIP code, and telephone number, including area code, of registrant's principal executive offices)

Laura H. Wright

Senior Vice President Finance & Chief Financial Officer

Southwest Airlines Co.

2702 Love Field Drive

Dallas, Texas 75235

(214) 792-4000

(Name, address, including ZIP code, and telephone number, including area code, of agent for service)

Copies to:

Madeleine Johnson, Esq.	Steven A. Rossum, Esq.	Robert L. Kimball, Esq.	James C. Morphy, Esq.	Howard E. Turner, Esq.
Vice President	Executive Vice President	Robert B. Little, Esq.	Brian E. Hamilton, Esq.	Smith, Gambrell & Russell LLP
General Counsel	and General Counsel	Vinson & Elkins L.L.P.	Sullivan & Cromwell LLP	Promenade II, Suite 3100
Southwest Airlines Co.	AirTran Holdings, Inc.	2001 Ross Ave.	125 Broad Street	1230 Peachtree Street N.E.,
2702 Love Field Drive	9955 AirTran Boulevard	Suite 3700	New York, New York 10004	Atlanta, GA 30309
Dallas, Texas 75235	Orlando, Florida 32827	Dallas, Texas 75201	(212) 558-4000	(404) 815-3500
(214) 792-4000	(407) 318-5600	(214) 220-7700		

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this Registration Statement becomes effective and upon completion of the merger described in the enclosed proxy statement/prospectus.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

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If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

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. (Check one):

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

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock, par value \$1.00 per share	57,931,897(1)	N/A	\$664,141,369(2)	\$47,353(3)

- (1) Represents the estimated maximum number of shares of the Registrant's common stock to be issued upon completion of the merger described herein. Calculated assuming the conversion of (a) 135,584,368 shares of AirTran common stock outstanding as of November 12, 2010, (b) up to 1,850,791 shares of AirTran common stock that may be issued pursuant to options outstanding as of November 12, 2010, (c) 1,415,921 shares of AirTran common stock subject to restricted stock awards as to which the applicable restrictions lapse prior to or as of the effective time of the merger, (d) up to 41,472,118 shares of AirTran common stock issuable upon conversion of AirTran's 7.0% Convertible Notes due in 2023, 5.5% Convertible Senior Notes due in 2015 and 5.25% Convertible Senior Notes due in 2016 outstanding as of November 12, 2010, and (e) up to 150,000 shares of AirTran common stock that may be issuable under the 1995 AirTran Employee Stock Purchase Plan prior to the effective time of the merger.
- (2) Estimated solely for purposes of calculating the registration fee required by Section 6(b) of the Securities Act and calculated pursuant to Rules 457(f)(1), 457(f)(3) and 457(c) under the Securities Act. The proposed maximum aggregate offering price of the Registrant's common stock was calculated based upon the market value of shares of AirTran common stock (the securities to be cancelled in the merger) in accordance with Rule 457(c) under the Securities Act as follows: (a) the product of (i) \$7.43 (the average of the high and low prices per share of AirTran common stock on November 12, 2010, as quoted on the New York Stock Exchange) and (ii) 180,473,198 (the number of shares of AirTran common stock outstanding on November 12, 2010, plus the number of shares of AirTran common stock that may be issued pursuant to options outstanding as of November 12, 2010, plus the number of shares of AirTran common stock subject to restricted stock awards as to which the applicable restrictions lapse prior to or as of the effective time of the merger, plus the number of shares issuable upon conversion of AirTran's 7.0% Convertible Notes due in 2023, 5.5% Convertible Senior Notes due in 2015 and 5.25% Convertible Senior Notes due in 2016 outstanding as of November 12, 2010, plus a number of shares that may be issuable under the 1995 AirTran Employee Stock Purchase Plan prior to the effective time of the merger), minus (b) \$676,774,493 (the estimated aggregate amount of cash to be paid by the Registrant in the merger, calculated by multiplying 180,473,198 shares of AirTran common stock by \$3.75).
- (3) Determined in accordance with Section 6(b) of the Securities Act at a rate equal to \$71.30 per \$1,000,000 of the proposed maximum aggregate offering price. **The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act, or until the Registration Statement shall become effective on such dates as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**

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Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This proxy statement/prospectus shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of such securities, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to appropriate registration or qualification under the securities laws of such jurisdiction.

PRELIMINARY SUBJECT TO COMPLETION DATED NOVEMBER 19, 2010

MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

Southwest Airlines Co. (Southwest) and AirTran Holdings, Inc. (AirTran) have entered into an Agreement and Plan of Merger, dated as of September 26, 2010 (the merger agreement), providing for the acquisition of AirTran by Southwest. Pursuant to the terms of the merger agreement, a wholly owned subsidiary of Southwest will be merged with and into AirTran, with AirTran surviving as a wholly owned subsidiary of Southwest (the merger). Following the effective time of the merger, we expect that AirTran will merge with and into a wholly owned limited liability company subsidiary of Southwest, with the limited liability company subsidiary surviving the second merger as a wholly owned subsidiary of Southwest.

If the merger is completed, AirTran stockholders will receive 0.321 shares of Southwest common stock (as may be adjusted as discussed below, the exchange ratio) and \$3.75 in cash, without interest, for each share of AirTran common stock that they own. If the average closing price of Southwest common stock for the 20 consecutive trading day period ending on (and including) the third trading day prior to the closing date of the merger (the Southwest average share price) is greater than \$12.46, then the exchange ratio will be adjusted to equal \$4.00 divided by the Southwest average share price, rounded to the nearest thousandth. If the Southwest average share price is less than \$10.90, then, subject to the next sentence, the exchange ratio will be adjusted to equal \$3.50 divided by the Southwest average share price, rounded to the nearest thousandth. If the Southwest average share price is less than \$10.90, Southwest must deliver, at its election, an additional amount of cash, an additional number (or fraction) of shares of Southwest common stock, or a combination of both, such that, after giving effect to such election, the aggregate value of the merger consideration per share of AirTran common stock is equal to \$7.25. The exchange ratio adjustment mechanism provides at least \$7.25 in value and up to \$7.75 in value (based on the Southwest average share price) per share of AirTran common stock. Based on the closing price of Southwest common stock on the New York Stock Exchange (the NYSE) on September 24, 2010, the last trading day before public announcement of the merger, the merger consideration represented \$7.69 in value for each share of AirTran common stock. Based on the closing price of Southwest common stock on the NYSE on November 12, 2010, the merger consideration represented \$7.75 in value for each share of AirTran common stock. Southwest common stock is currently traded on the NYSE under the symbol LUV, and AirTran common stock is currently traded on the NYSE under the symbol AAI. We urge you to obtain current market quotations of Southwest and AirTran common stock.

Based on the number of shares of Southwest and AirTran common stock outstanding on November 12, 2010, Southwest's closing stock price of \$13.56 on November 12, 2010 (which equates to an exchange ratio of 0.295) and the assumption that the holders of AirTran's outstanding convertible notes will not convert their notes at closing, we estimate that, upon closing, current Southwest shareholders will own approximately 95% of Southwest and former AirTran stockholders will own approximately 5% of Southwest.

AirTran will hold a special meeting of its stockholders in connection with the proposed merger. At the special meeting of AirTran stockholders, AirTran stockholders will be asked to vote on the proposal to approve the merger agreement. The proposal to approve the merger agreement will be accepted if the holders of a majority of the outstanding shares of AirTran common stock entitled to vote at the special meeting vote to approve the merger agreement. No vote of the shareholders of Southwest is required in connection with the transactions contemplated by the merger agreement.

We cannot complete the merger unless AirTran stockholders approve the merger agreement. **Your vote is very important, regardless of the number of shares you own. Whether or not you expect to attend the special meeting in person, please submit a proxy to vote your shares as promptly as possible so that your shares may be represented and voted at the special meeting.**

The AirTran board of directors unanimously determined that the merger agreement, the merger and the other transactions contemplated thereby are advisable and in the best interests of AirTran and its stockholders and adopted the merger agreement. **The AirTran board of directors unanimously recommends that AirTran stockholders vote FOR the proposal to approve the merger agreement.**

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The obligations of Southwest and AirTran to complete the merger are subject to the satisfaction or waiver of several conditions. The accompanying proxy statement/prospectus contains detailed information about Southwest, AirTran, the special meeting, the merger agreement and the merger. **You should read this proxy statement/prospectus carefully and in its entirety before voting, including the section entitled Risk Factors beginning on page 18.**

Sincerely,

Gary C. Kelly
Chairman of the Board, President and Chief Executive Officer
Southwest Airlines Co.

Robert L. Fornaro
Chairman, President and Chief Executive Officer
AirTran Holdings, Inc.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued under this proxy statement/prospectus or determined if this proxy statement/prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

This proxy statement/prospectus is dated [] and is first being mailed to AirTran stockholders on or about [].

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AirTran Holdings, Inc.

9955 AirTran Boulevard

Orlando, Florida 32827

(407) 318-5600

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

To Be Held On []

To the Stockholders of AirTran Holdings, Inc.:

We are pleased to invite you to attend the special meeting of stockholders of AirTran Holdings, Inc. (AirTran), a Nevada corporation, which will be held at [] on [] at [] a.m., local time, for the following purposes:

to consider and vote on the proposal to approve the Agreement and Plan of Merger, dated as of September 26, 2010, by and among Southwest Airlines Co. (Southwest), AirTran and Guadalupe Holdings Corp., a wholly owned subsidiary of Southwest (the merger agreement), a copy of which is included as Annex A to the proxy statement/prospectus of which this notice forms a part; and

to vote to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the foregoing proposal.

AirTran will transact no other business at the special meeting except such business as may properly be brought before the special meeting or any adjournments or postponements thereof. Please refer to the proxy statement/prospectus of which this notice forms a part for further information with respect to the business to be transacted at the special meeting.

The AirTran board of directors unanimously determined that the merger agreement, the merger and the other transactions contemplated thereby are advisable and in the best interests of AirTran and its stockholders and adopted the merger agreement. **The AirTran board of directors unanimously recommends that AirTran stockholders vote FOR the proposal to approve the merger agreement.**

The AirTran board of directors has fixed the close of business on [] as the record date for determination of AirTran stockholders entitled to receive notice of, and to vote at, the special meeting or any adjournments or postponements thereof. Only holders of record of AirTran common stock at the close of business on the record date are entitled to receive notice of, and to vote at, the special meeting. Approval of the merger agreement requires the affirmative vote of holders of a majority of the outstanding shares of AirTran common stock entitled to vote at the special meeting.

Your vote is very important. Whether or not you expect to attend the special meeting in person, we urge you to submit a proxy to vote your shares as promptly as possible by either: (1) logging onto <http://www.proxyvote.com> and following the instructions on your proxy card; (2) dialing 1-800-690-6903 and listening for further directions; or (3) signing and returning the enclosed proxy card in the postage-paid envelope provided, so that your shares may be represented and voted at the special meeting. If your shares are held in an AirTran plan or in the name of a broker, bank or other nominee, please follow the instructions on the voting instruction card furnished by the plan administrator, or record holder, as appropriate.

The enclosed proxy statement/prospectus provides a detailed description of the merger and the merger agreement. We urge you to read this proxy statement/prospectus, including any documents incorporated by

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reference, and the Annexes carefully and in their entirety. If you have any questions concerning the merger or this proxy statement/prospectus, would like additional copies of this proxy statement/prospectus or need help voting your shares of AirTran common stock, please contact AirTran's proxy solicitor:

Georgeson Inc.

199 Water Street, 26th Floor

New York, New York 10038

AirTran Stockholders May Call Toll-Free: (888) 666-2580

International Holders, Banks and Brokers May Call Collect: (212) 440-9800

By Order of the Board of Directors of AirTran Holdings, Inc.,

Richard P. Magurno

Senior Vice President and Secretary

Orlando, Florida

[]

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ADDITIONAL INFORMATION

This proxy statement/prospectus incorporates important business and financial information about Southwest and AirTran from other documents that are not included in or delivered with this proxy statement/prospectus. This information is available to you without charge upon your request. You can obtain the documents incorporated by reference into this proxy statement/prospectus free of charge by requesting them in writing or by telephone from the appropriate company at the following addresses and telephone numbers:

Southwest Airlines Co.

2702 Love Field Drive

Dallas, Texas 75235

(214) 792-4415

Attn: Investor Relations

AirTran Holdings, Inc.

9955 AirTran Boulevard

Orlando, Florida 32827

(407) 318-5188

Attn: Investor Relations

Investors may also consult Southwest's or AirTran's website for more information concerning the merger described in this proxy statement/prospectus. Southwest's website is www.southwest.com. AirTran's website is www.airtran.com. Additional information about the merger is available at www.lowfaresfarther.com. Information included on these websites is not incorporated by reference into this proxy statement/prospectus.

If you would like to request any documents, please do so by [] in order to receive them before the special meeting.

For a more detailed description of the information incorporated by reference in this proxy statement/prospectus and how you may obtain it, see "Where You Can Find More Information" beginning on page 111.

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ABOUT THIS PROXY STATEMENT/PROSPECTUS

This proxy statement/prospectus, which forms part of a registration statement on Form S-4 filed with the U.S. Securities and Exchange Commission (the "SEC") by Southwest, constitutes a prospectus of Southwest under Section 5 of the Securities Act of 1933, as amended (the "Securities Act"), with respect to the shares of Southwest common stock to be issued to AirTran stockholders pursuant to the merger. This proxy statement/prospectus also constitutes a proxy statement for AirTran under Section 14(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). It also constitutes a notice of meeting with respect to the special meeting of AirTran stockholders.

You should rely only on the information contained in or incorporated by reference into this proxy statement/prospectus. No one has been authorized to provide you with information that is different from that contained in, or incorporated by reference into, this proxy statement/prospectus. This proxy statement/prospectus is dated []. You should not assume that the information contained in this proxy statement/prospectus is accurate as of any date other than that date. You should not assume that the information incorporated by reference into this proxy statement/prospectus is accurate as of any date other than the date of the incorporated document. Neither our mailing of this proxy statement/prospectus to AirTran stockholders nor the issuance by Southwest of shares of common stock pursuant to the merger will create any implication to the contrary.

This proxy statement/prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction to or from any person to whom it is unlawful to make any such offer or solicitation. Information contained in this proxy statement/prospectus regarding Southwest has been provided by Southwest and information contained in this proxy statement/prospectus regarding AirTran has been provided by AirTran.

All references in this proxy statement/prospectus to "Southwest" refer to Southwest Airlines Co., a Texas corporation; all references in this proxy statement/prospectus to "AirTran" refer to AirTran Holdings, Inc., a Nevada corporation; all references in this proxy statement/prospectus to "AirTran Airways" refer to AirTran Airways, a Delaware corporation and wholly owned subsidiary of AirTran; all references to "Merger Sub" refer to Guadalupe Holdings Corp., a Nevada corporation and wholly owned subsidiary of Southwest formed for the sole purpose of effecting the merger; unless otherwise indicated or as the context requires, all references in this proxy statement/prospectus to "we," "our" and "us" refer to Southwest and AirTran collectively; and, unless otherwise indicated or as the context requires, all references to the "merger agreement" refer to the Agreement and Plan of Merger, dated as of September 26, 2010, by and among Southwest Airlines Co., AirTran Holdings, Inc. and Guadalupe Holdings Corp., a copy of which is included as Annex A to this proxy statement/prospectus. Southwest and its subsidiaries, following completion of the merger, are sometimes referred to in this proxy statement/prospectus as the "combined company."

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Annex A Agreement and Plan of Merger, dated as of September 26, 2010

Annex B Opinion of Morgan Stanley & Co. Incorporated

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QUESTIONS AND ANSWERS

The following are some questions that you, as a stockholder of AirTran, may have regarding the merger and the special meeting and the answers to those questions. Southwest and AirTran urge you to carefully read the remainder of this proxy statement/prospectus because the information in this section does not provide all the information that might be important to you with respect to the merger and the special meeting. Additional important information is also contained in the Annexes to and the documents incorporated by reference into this proxy statement/prospectus.

Q: Why am I receiving this proxy statement/prospectus?

A: Southwest and AirTran have agreed to a business combination pursuant to the terms of the merger agreement that is described in this proxy statement/prospectus. A copy of the merger agreement is included in this proxy statement/prospectus as Annex A. In order to complete the merger, among other things, AirTran stockholders must approve the merger agreement. AirTran will hold a special meeting of its stockholders to obtain this approval. This proxy statement/prospectus, including its Annexes, contains and incorporates by reference important information about Southwest and AirTran, the merger and the special meeting. You should read all the available information carefully and in its entirety.

Q: How will the merger occur?

A: The combination of Southwest and AirTran will consist of two separate mergers. First, Merger Sub will merge with and into AirTran, with AirTran surviving the merger and becoming a wholly owned subsidiary of Southwest (the merger). When this merger occurs, AirTran stockholders will be entitled to receive the merger consideration discussed immediately below. Second, immediately after the first merger, we expect that AirTran will merge with and into a wholly owned limited liability company subsidiary of Southwest, with the limited liability company subsidiary surviving the second merger as a wholly owned subsidiary of Southwest (the post-closing merger).

Q: What will I receive in the merger?

A: If the merger is completed, holders of AirTran common stock will receive 0.321 shares of Southwest common stock (as may be adjusted as discussed below, the exchange ratio) and \$3.75 in cash, without interest, for each share of AirTran common stock that they own. If the average closing price of Southwest common stock for the 20 consecutive trading day period ending on (and including) the third trading day prior to the closing date of the merger (the Southwest average share price) is greater than \$12.46, then the exchange ratio will be adjusted to equal \$4.00 divided by the Southwest average share price, rounded to the nearest thousandth. If the Southwest average share price is less than \$10.90, then, subject to the next sentence, the exchange ratio will be adjusted to equal \$3.50 divided by the Southwest average share price, rounded to the nearest thousandth. If the Southwest average share price is less than \$10.90, Southwest must deliver, at its election, an additional amount of cash, an additional number (or fraction) of shares of Southwest common stock, or a combination of both, such that, after giving effect to such election, the aggregate value of the merger consideration per share of AirTran common stock is equal to \$7.25. The exchange ratio adjustment mechanism provides at least \$7.25 in value and up to \$7.75 in value (based on the Southwest average share price) per share of AirTran common stock.

AirTran stockholders will not receive any fractional shares of Southwest common stock in the merger. Instead, Southwest will pay cash in lieu of any fractional shares of Southwest common stock that an AirTran stockholder would otherwise have been entitled to receive.

Q: What is the value of the merger consideration?

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- A: The exact value of the merger consideration that AirTran stockholders receive will depend on the price per share of Southwest common stock leading up to and just prior to the effective time of the merger. That price

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will not be known at the time of the special meeting and may be less than the current price or the price at the time of the special meeting. However, the exchange ratio adjustment mechanism discussed above will provide at least \$7.25 in value and up to \$7.75 in value (based on the Southwest average share price) per share of AirTran common stock. Based on the closing price of Southwest common stock on the New York Stock Exchange (the NYSE) on September 24, 2010, the last trading day before public announcement of the merger, the merger consideration represented \$7.69 in value for each share of AirTran common stock. Based on the closing price of Southwest common stock on the NYSE on November 12, 2010, the merger consideration represented \$7.75 in value for each share of AirTran common stock. We urge you to obtain current market quotations of Southwest common stock and AirTran common stock.

Q: What will happen to outstanding shares of AirTran restricted stock?

A: At the effective time of the merger, each outstanding share of AirTran restricted stock will become fully vested and will entitle the holder to receive the same per share merger consideration as other AirTran stockholders, subject to any applicable withholdings or deductions required by law.

Q: What will happen to outstanding options to purchase shares of AirTran common stock?

A: At the effective time of the merger, each outstanding AirTran stock option (other than stock options issued under the AirTran 1995 Employee Stock Purchase Plan and except as otherwise provided below), whether vested or unvested, will be terminated and converted into the right to receive a cash amount, less all applicable deductions and withholdings, equal to (i) the excess, if any, of (a) the cash equivalent of the per share merger consideration, which cash equivalent will be based on the Southwest average share price, and will not be less than \$7.25 and will not exceed \$7.75, over (b) the exercise price per share subject to the stock option, multiplied by (ii) the number of shares subject to the stock option. Holders of stock options under the AirTran 1994 Stock Option Plan and the AirTran 1996 Stock Option Plan will be required to execute an acknowledgement to the above-described treatment of their outstanding stock options in order to receive the cash amount; otherwise, stock options held by such holders will not terminate and will continue to be governed by the terms of the applicable stock option plan. Prior to the effective time of the merger, the AirTran board of directors (or an authorized committee thereof) will take action to freeze the AirTran 1995 Employee Stock Purchase Plan. If the effective time of the merger occurs prior to the freeze date, participants who hold outstanding stock options under the AirTran 1995 Employee Stock Purchase Plan immediately prior to the effective time will receive merger consideration for the amounts held in their plan accounts immediately prior to the effective time of the merger. If the effective time of the merger occurs after the freeze date, participants will receive shares of common stock pursuant to the terms of the AirTran 1995 Employee Stock Purchase Plan for which they will be entitled to receive the merger consideration.

Q: What will happen to outstanding AirTran performance shares?

A: At the effective time of the merger, each outstanding AirTran performance share will be automatically vested as to the target number (100%) of shares granted, and the applicable performance period will be deemed to have terminated as of the completion of the merger, such that the number of performance shares earned will be pro rated to reflect the shortened performance period. Holders of performance shares will receive the cash equivalent of the per share merger consideration (which cash equivalent will be based on the Southwest average share price) for each share earned, subject to any applicable withholdings or deductions required by law.

Q: What will happen to AirTran's outstanding convertible notes?

A: AirTran's 5.5% Convertible Senior Notes due in 2015 and 5.25% Convertible Senior Notes due in 2016 are expected to remain outstanding following the merger. AirTran's 7.0% Convertible Notes due in 2023 will remain outstanding following the merger, unless AirTran has, at Southwest's request, called and redeemed these notes in accordance with the applicable indenture. In addition, pursuant to the terms of the indentures governing AirTran's outstanding convertible notes, certain supplemental indentures must be entered into at

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the effective time of the merger and the post-closing merger by AirTran, Southwest and the limited liability company subsidiary surviving the post-closing merger. Further, pursuant to the indentures governing the 5.5% Convertible Senior Notes due in 2015 and 5.25% Convertible Senior Notes due in 2016, Southwest will be required to unconditionally guarantee all obligations under such indentures.

Q: How many shares of Southwest common stock will Southwest issue in connection with the merger?

A: Assuming the exchange ratio remains fixed at 0.321, Southwest will issue approximately 45 million shares of Southwest common stock in exchange for AirTran common stock issued and outstanding as of the effective time of the merger, including shares issuable pursuant to AirTran restricted stock awards for which the applicable restrictions lapse as of the effective time of the merger as discussed above. In addition, approximately 12 million shares of Southwest common stock may be issuable upon conversion of AirTran's outstanding convertible notes, along with an additional one million shares of Southwest common stock issuable if AirTran's outstanding convertible notes are converted during the make-whole period. This total of approximately 58 million shares of Southwest common stock that may be issuable by Southwest in connection with the merger, assuming an exchange ratio of 0.321, represents approximately 8% of the shares of Southwest common stock outstanding immediately prior to the merger. Should the exchange ratio adjustment mechanism result in an exchange ratio greater or less than 0.321, the total number of shares of Southwest common stock issuable by Southwest in connection with the merger would increase or decrease accordingly. For example, based on Southwest's closing stock price of \$13.56 on November 12, 2010 (which equates to an exchange ratio of 0.295), a total of 53 million shares of Southwest common stock could be issuable by Southwest in connection with the merger, including shares issuable upon conversion of AirTran's outstanding convertible notes (including during the make-whole period). This represents approximately 6% of the shares of Southwest common stock outstanding immediately prior to the merger.

Q: What approvals are required to complete the merger in addition to AirTran stockholder approval?

A: Under the Hart-Scott-Rodino Antitrust Improvement Act of 1976, as amended, and the rules and regulations promulgated thereunder (the HSR Act), Southwest and AirTran cannot complete the merger until they have filed certain information and materials with the Federal Trade Commission and the Antitrust Division of the U.S. Department of Justice (the Antitrust Division) and the applicable waiting period under the HSR Act has expired or been terminated. On November 8, 2010, the waiting period under the HSR Act was extended by the Antitrust Division's issuance of a request for additional information and documentary material (a Second Request). The parties are responding to the Second Request and currently expect the closing of the merger to occur in the first half of 2011. See The Merger Regulatory Clearances Required for the Merger on page 62.

Q: Is Southwest's obligation to complete the merger subject to Southwest receiving financing?

A: No. Southwest must complete the merger regardless of whether it receives financing. Southwest intends to fund the total cash consideration for the transaction of approximately \$521 million (calculated using Southwest's November 12, 2010 stock price of \$13.56 which equates to an exchange ratio of 0.295 and assuming that the holders of AirTran's outstanding convertible notes will not convert their notes at closing) out of cash on hand.

Q: When and where will the special stockholders meeting be held?

A: The special meeting of AirTran stockholders will be held at [], on [], at [] a.m., local time.

Q: Who is entitled to vote at the special stockholders meeting?

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- A: The record date for the special meeting is []. Only holders of record of outstanding shares of AirTran common stock as of the close of business on the record date are entitled to notice of, and to vote at, the special meeting or any adjournment or postponement of the special meeting.

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Q: What constitutes a quorum at the special stockholders meeting?

A: Stockholders who hold shares representing at least a majority of the shares entitled to vote at the special meeting must be present in person or represented by proxy to constitute a quorum for the transaction of business at the special meeting. AirTran stockholders, by a majority of the votes cast at the meeting by the holders of AirTran common stock entitled to vote and present in person or by proxy, whether or not a quorum is present, may adjourn the meeting to another time or place without further notice unless a new record date is fixed for the adjourned meeting, in which case a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. Abstentions and broker non-votes will be included in the calculation of the number of shares of AirTran common stock represented at the special meeting for purposes of determining whether a quorum has been achieved.

Q: How do I vote if I am a stockholder of record?

A: If you are a stockholder of record of AirTran as of the close of business on the record date for the special meeting, you may vote in person by attending the special meeting or, to ensure your shares are represented at the special meeting, you may authorize a proxy to vote by:

logging onto <http://www.proxyvote.com> and following the instructions on your proxy card to vote over the Internet anytime up to 11:59 p.m., eastern time, on [] and following the instructions provided on that site;

dialing 1-800-690-6903 and listening for further directions to vote by telephone anytime up to 11:59 p.m., eastern time, on [] and following the instructions provided in the recorded message; or

signing and returning your proxy card in the postage-paid envelope provided.

If you hold AirTran shares in street name through a stock brokerage account or through a bank or other nominee, please follow the voting instructions provided by your broker, bank or other nominee to ensure that your shares are represented at the special meeting.

Q: How many votes do I have?

A: Holders of AirTran common stock are entitled to one vote for each share owned as of the close of business on the record date. As of the close of business on the record date, there were [] shares of AirTran common stock outstanding and entitled to vote at the special meeting.

Q: What vote is required to approve the merger agreement?

A: Approval of the merger agreement requires the affirmative vote of holders of a majority of the outstanding shares of AirTran common stock entitled to vote at the special meeting. Failures to vote, votes to abstain and broker non-votes will have the effect of votes against the proposal.

Q: My shares are held in street name by my broker, bank or other nominee. Will my broker, bank or other nominee automatically vote my shares for me?

A:

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No. If your shares are held in the name of a broker, bank or other nominee, you are considered the beneficial holder of the shares held for you in what is known as street name. You are not the record holder of such shares. If this is the case, this proxy statement/prospectus has been forwarded to you by your broker, bank or other nominee. As the beneficial holder, unless your broker, bank or other nominee has discretionary authority over your shares, you generally have the right to direct your broker, bank or other nominee as to how to vote your shares. If you do not provide voting instructions, your shares will not be voted on any proposal on which your broker, bank or other nominee does not have discretionary authority. This is often called a broker non-vote. In connection with the special meeting, broker non-votes will have the same effect as a vote **AGAINST** the proposal to approve the merger agreement. You should therefore provide your broker, bank or other nominee with instructions as to how to vote your shares of AirTran common stock.

Please follow the voting instructions provided by your broker, bank or other nominee so that it may vote your shares on your behalf. Please note that you may not vote shares held in street name by returning a

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proxy card directly to AirTran or by voting in person at the special meeting unless you first obtain a proxy from your broker, bank or other nominee.

Q: How does the AirTran board of directors recommend that AirTran stockholders vote?

A: The AirTran board of directors unanimously determined that the merger agreement, the merger and the other transactions contemplated thereby are advisable and in the best interests of AirTran and its stockholders and adopted the merger agreement. The AirTran board of directors unanimously recommends that AirTran stockholders vote **FOR** the proposal to approve the merger agreement.

Q: What will happen if I fail to vote or I abstain from voting?

A: If you are an AirTran stockholder and fail to vote, fail to instruct your broker, bank or other nominee to vote, or mark your proxy or voting instructions to abstain, it will have the effect of a vote **AGAINST** the proposal to approve the merger agreement.

Q: What will happen if I return my proxy card without indicating how to vote?

A: If you are the holder of record of your shares and you properly complete and sign your proxy card but do not indicate how your shares of AirTran common stock should be voted on a matter, the shares of AirTran common stock represented by your proxy will be voted as the AirTran board of directors recommends and, therefore, **FOR** the proposal to approve the merger agreement.

Q: Can I change my vote or revoke my proxy after I have returned a proxy or voting instruction card?

A: Yes.

If you are the holder of record of shares: If you are the record holder of stock, you can change your vote or revoke your proxy at any time before your proxy is voted at the special meeting. You can do this by:

timely delivering a signed written notice of revocation to the Secretary of AirTran;

timely delivering a new, valid proxy bearing a later date through the Internet, by telephone or by mail as described on the proxy card;
or

attending the special meeting and voting in person, which will automatically cancel any proxy previously given, or you can revoke your proxy in person. Simply attending the special meeting without voting will not revoke any proxy that you have previously given or change your vote.

A registered stockholder may revoke a proxy by any of these methods, regardless of the method used to deliver the stockholder's previous proxy.

If you hold shares in street name: If your shares are held in street name through a broker, bank or other nominee, you may change your vote by submitting new voting instructions to your broker, bank or nominee in accordance with its established procedures and timelines.

Q: What are the U.S. federal income tax consequences of the merger to AirTran's stockholders?

A: The merger, together with the post-closing merger, is intended to qualify as a reorganization under Section 368(a) of the Internal Revenue Code of 1986, as amended (the Code), provided that the value of shares of Southwest common stock delivered to AirTran stockholders in the merger is sufficient as discussed below under Material U.S. Federal Income Tax Consequences of the Merger on page 88.

If the merger, together with the post-closing merger, qualifies as a reorganization and you are a U.S. holder, then you generally will recognize any gain only to the extent of the cash you receive and any loss will not be currently recognized.

If the merger, together with the post-closing merger, does not qualify as a reorganization and you are a U.S. holder, then you generally will recognize any gain or loss equal to the sum of the amount of cash you receive and the fair market value of the Southwest common stock you receive in the merger, determined when the merger occurs, less your tax basis in the AirTran common stock surrendered.

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See Risk Factors Risks Relating to the Merger There is a possibility that the merger, together with the post-closing merger, will not qualify as a reorganization for U.S. federal income tax purposes on page 20.

For a more detailed description of the U.S. federal income tax consequences of the merger, please see Material U.S. Federal Income Tax Consequences of the Merger on page 88.

Q: When do you expect the merger to be completed?

A: Southwest and AirTran intend to complete the merger as soon as reasonably possible and expect the closing of the merger to occur in the first half of 2011. However, the merger is subject to regulatory clearance and the satisfaction or waiver of other conditions, and it is possible that factors outside the control of Southwest and AirTran could result in the merger being completed at an earlier time, a later time or not at all. There may be a substantial amount of time between the special meeting and the completion of the merger.

Q: Do I need to do anything with my shares of common stock other than voting for the proposal at the special meeting?

A: After the merger is completed, each share of AirTran common stock you hold will be converted automatically into the right to receive the merger consideration. You will receive instructions at that time regarding exchanging your shares for shares of Southwest common stock and cash. You do not need to take any action at this time. **Please do not send your AirTran stock certificates with your proxy card.**

Q: Are stockholders entitled to dissenters' rights of appraisal?

A: Under Nevada law, AirTran stockholders are not entitled to dissenters' rights of appraisal in connection with the merger.

Q: What happens if I sell my shares of AirTran common stock before the special meeting?

A: The record date for the special meeting is earlier than the date of the special meeting and the date that the merger is expected to be completed. If you transfer your AirTran shares after the record date but before the special meeting date, you will retain your right to vote at the special meeting, but will have transferred the right to receive the merger consideration in the merger. In order to receive the merger consideration, you must hold your shares through the effective date of the merger.

Q: Are there risks associated with the merger that I should consider in deciding how to vote?

A: Yes. You should carefully read the detailed description of the risks associated with the merger and Southwest's operations following the merger described in Risk Factors beginning on page 18.

Q: Who can help answer my questions?

A: AirTran stockholders who have questions about the merger or how to submit a proxy or desire additional copies of this proxy statement/prospectus or additional proxy cards should contact:

Georgeson Inc.

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199 Water Street, 26th Floor

New York, New York 10038

AirTran Stockholders May Call Toll-Free: (888) 666-2580

International Holders, Banks and Brokers May Call Collect: (212) 440-9800

Or

AirTran Holdings, Inc.

9955 AirTran Boulevard

Orlando, Florida 32827

(407) 318-5188

Attn: Investor Relations

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SUMMARY

This summary highlights information contained elsewhere in this proxy statement/prospectus and may not contain all the information that is important to you with respect to the merger. Southwest and AirTran urge you to read the remainder of this proxy statement/prospectus carefully, including the attached Annexes, and the other documents to which we have referred you. See also the section entitled "Where You Can Find More Information" beginning on page 111. We have included page references in this summary to direct you to a more complete description of the topics presented below.

The Companies

Southwest Airlines Co.

Southwest Airlines Co., a Texas corporation, is a major passenger airline that provides scheduled air transportation in the United States. Southwest commenced service on June 18, 1971, with three Boeing 737 aircraft serving three Texas cities: Dallas, Houston and San Antonio. As of September 30, 2010, Southwest had 547 active Boeing 737 aircraft serving 69 cities in 35 states throughout the United States. Based on the most recent data available from the U.S. Department of Transportation, as of June 30, 2010, Southwest was the largest air carrier in the United States, as measured by the number of originating passengers boarded.

Southwest principally provides point-to-point, rather than hub-and-spoke, service. This allows Southwest to maximize the use of key assets, including aircraft, gates and employees, and also facilitates Southwest's ability to provide its markets with frequent, conveniently timed flights and low fares.

Southwest's common stock is traded on the NYSE under the symbol LUV.

The principal executive offices of Southwest are located at 2702 Love Field Drive, Dallas, Texas 75235, and its telephone number is (214) 792-4000.

AirTran Holdings, Inc.

AirTran Holdings, Inc., a Nevada corporation, is the parent company of AirTran Airways, Inc., a Delaware corporation and the principal operating subsidiary of AirTran. AirTran Airways is one of the largest low cost scheduled airlines in the United States in terms of departures and seats offered. AirTran Airways operates scheduled airline service throughout the United States and to selected international locations. Approximately half of AirTran Airways' flights originate or terminate at its largest hub in Atlanta, Georgia, and AirTran Airways serves a number of markets with non-stop service from its hubs in Baltimore, Maryland; Milwaukee, Wisconsin; and Orlando, Florida. As of September 30, 2010, AirTran Airways operated 86 Boeing B717-200 aircraft (B717) and 52 Boeing B737-700 aircraft (B737) offering approximately 700 scheduled flights per day to 69 locations across the United States and the Caribbean, including San Juan, Puerto Rico; Cancun, Mexico; Montego Bay, Jamaica; Nassau, The Bahamas; and Oranjestad, Aruba.

AirTran's common stock is traded on the NYSE under the symbol AAI.

The principal executive offices of AirTran are located at 9955 AirTran Boulevard, Orlando, Florida 32827, and its telephone number is (407) 318-5600.

Guadalupe Holdings Corp.

Guadalupe Holdings Corp., a wholly owned subsidiary of Southwest, is a Nevada corporation that was formed on September 24, 2010, for the sole purpose of effecting the merger. In the merger, Guadalupe Holdings Corp. will merge with and into AirTran, with AirTran surviving as a wholly owned subsidiary of Southwest.

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The Merger

A copy of the merger agreement is attached as Annex A to this proxy statement/prospectus. Southwest and AirTran encourage you to read the entire merger agreement carefully because it is the principal document governing the merger. For more information on the merger agreement, see the section entitled "The Merger Agreement" beginning on page 66.

Form of the Merger (see page 32)

Subject to the terms and conditions of the merger agreement, at the effective time of the merger, Merger Sub, a wholly owned subsidiary of Southwest formed for the sole purpose of effecting the merger, will be merged with and into AirTran. AirTran will survive the merger as a wholly owned subsidiary of Southwest. Immediately following the effective time of the merger, we expect that AirTran will merge with and into a wholly owned limited liability company subsidiary of Southwest, with the limited liability company subsidiary surviving the post-closing merger as a wholly owned subsidiary of Southwest.

Merger Consideration (see page 32)

AirTran stockholders will have the right to receive 0.321 shares of Southwest common stock (which exchange ratio may be adjusted as discussed below) and \$3.75 in cash, without interest, for each share of AirTran common stock that they own. If the Southwest average share price is greater than \$12.46, then the exchange ratio will be adjusted to equal \$4.00 divided by the Southwest average share price, rounded to the nearest thousandth. If the Southwest average share price is less than \$10.90, then, subject to the next sentence, the exchange ratio will be adjusted to equal \$3.50 divided by the Southwest average share price, rounded to the nearest thousandth. If the Southwest average share price is less than \$10.90, Southwest must deliver, at its election, an additional amount of cash, an additional number (or fraction) of shares of Southwest common stock, or a combination of both, such that, after giving effect to such election, the aggregate value of the merger consideration per share of AirTran common stock is equal to \$7.25. The exchange ratio adjustment mechanism provides at least \$7.25 in value and up to \$7.75 in value (based on the Southwest average share price) per share of AirTran common stock. Based on the closing price of Southwest common stock on the NYSE on September 24, 2010, the last trading day before public announcement of the merger, the merger consideration represented \$7.69 in value for each share of AirTran common stock. Based on the closing price of Southwest common stock on the NYSE on November 12, 2010, the merger consideration represented \$7.75 in value for each share of AirTran common stock.

Recommendation of the Board of Directors of AirTran (see page 40)

After careful consideration, the AirTran board of directors unanimously determined that the merger agreement, the merger and the other transactions contemplated thereby are advisable and in the best interests of AirTran and its stockholders and adopted the merger agreement. For more information regarding the factors considered by the AirTran board of directors in reaching its decision to adopt the merger agreement and declare advisable the merger, see the section entitled "The Merger Reasons for the Merger; Recommendation of the AirTran Board of Directors." **The AirTran board of directors unanimously recommends that AirTran stockholders vote FOR the proposal to approve the merger agreement at the special meeting.**

Opinion of AirTran's Financial Advisor (see page 44)

Morgan Stanley & Co. Incorporated ("Morgan Stanley") rendered its opinion to the board of directors of AirTran that, as of September 26, 2010, and based upon and subject to the various assumptions, procedures, factors, qualifications and limitations set forth in its written opinion, the merger consideration to be received by the holders of shares of AirTran common stock pursuant to the merger agreement was fair, from a financial point of view, to the holders of shares of AirTran common stock.

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The full text of Morgan Stanley's written opinion, dated September 26, 2010, is attached as Annex B to this proxy statement/prospectus. You should read the opinion in its entirety for a discussion of the assumptions made, procedures followed, factors considered and limitations upon the review undertaken by Morgan Stanley in rendering its opinion. This summary is qualified in its entirety by reference to the full text of such opinion. Morgan Stanley's opinion is directed to the AirTran board of directors, and addresses only the fairness from a financial point of view of the merger consideration pursuant to the merger agreement to the holders of shares of AirTran common stock as of the date of the opinion. It does not address any other aspects of the merger nor express any opinion as to the prices at which AirTran common stock or Southwest common stock will trade at any time, and does not constitute a recommendation to any holder of AirTran common stock as to how to vote at the stockholders' meeting to be held in connection with the merger.

Interests of AirTran Directors and Executive Officers in the Merger (see page 50)

Executive officers and members of AirTran's board of directors have interests in the merger that may be different from, or in addition to, the interests of AirTran stockholders generally. AirTran's executive officers have agreements with AirTran that provide for severance benefits if their employment is terminated under certain circumstances following a change of control of AirTran, such as the merger. The executive officers of AirTran who are currently anticipated to experience a constructive termination of employment in connection with the completion of the merger are expected to receive cash severance payments and other benefits (excluding the value of outstanding incentive awards) ranging from \$1.159 million to \$2.856 million. Although no payment currently is anticipated, Mr. Fornaro also may receive reimbursement for excise taxes payable in connection with his change of control benefits. The foregoing amounts are based on certain assumptions described under "Interests of AirTran Directors and Executive Officers in the Merger - Executive Officers."

Additionally, as detailed below under "Treatment of AirTran Stock Options and Other Stock Based Awards and Programs" and "Interests of AirTran Directors and Executive Officers in the Merger," restricted stock held by each executive officer and non-management director of AirTran will automatically vest upon completion of the merger. Outstanding stock options, whether vested or unvested, will be converted into the right to receive a cash payment (subject to certain exceptions), and certain performance targets also will be deemed satisfied under outstanding performance awards held by AirTran's executive officers.

Eligible officers of AirTran who remain employed with AirTran for at least three months after the merger will receive retention bonuses with estimated values ranging from \$110,000 to \$170,000 and like amounts for remaining employed for at least six months after the merger, in each case, under an Employee Retention Plan adopted by the AirTran board of directors to address potential employee concerns related to the proposed merger, as more fully described below under "Interests of AirTran Directors and Executive Officers in the Merger - Executive Officers." Further, Robert L. Fornaro and Steven A. Rossum, who are not participants in the Employee Retention Plan but who are expected to remain as officers of AirTran for at least six months after the merger, are entitled to bonuses of \$290,000 and \$170,000, respectively, upon successful completion of the merger. Such bonuses also are described below under "Interests of AirTran Directors and Executive Officers in the Merger - Executive Officers." Messrs. Fornaro and Rossum also are parties to consulting agreements with terms of 24 months after the termination of their employment with AirTran with values of \$1,160,000 and \$680,000, respectively, if paid in full. Such agreements are described below under "Interests of AirTran Directors and Executive Officers in the Merger - Executive Officers."

There are no current arrangements obligating any of AirTran's executive officers or members of AirTran's board of directors to continue to serve as executive officers or directors of the combined company upon completion of the merger.

The AirTran board of directors was aware of these interests and considered them, among other matters, in adopting the merger agreement and in recommending that you vote for the proposal to approve the merger agreement.

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Treatment of AirTran Stock Options and Other Stock Based Awards and Programs (see page 63)

Restricted Stock. At the effective time of the merger, each outstanding share of restricted stock will become fully vested and will entitle the holder to receive the same per share merger consideration as other AirTran stockholders, subject to any applicable withholdings or deductions required by law.

Stock Options. At the effective time of the merger, each outstanding stock option (other than stock options issued under the AirTran 1995 Employee Stock Purchase Plan and except as otherwise provided below), whether vested or unvested, will be terminated and converted into the right to receive a cash amount, subject to any applicable withholdings or deductions required by law, calculated as described in the merger agreement and on page 63 below. Holders of stock options under the AirTran 1994 Stock Option Plan and the AirTran 1996 Stock Option Plan will be required to execute an acknowledgement to the above-described treatment of their outstanding stock options in order to receive the cash amount; otherwise, stock options held by such holders will not terminate and will continue to be governed by the terms of the applicable stock option plan. Prior to the effective time of the merger, the AirTran board of directors (or an authorized committee thereof) will take action to freeze the AirTran 1995 Employee Stock Purchase Plan. If the effective time of the merger occurs prior to the freeze date, participants who hold outstanding stock options under the AirTran 1995 Employee Stock Purchase Plan immediately prior to the effective time will receive merger consideration for the amounts held in their plan accounts immediately prior to the effective time of the merger, subject to any applicable withholdings or deductions required by law. If the effective time of the merger occurs after the freeze date, participants will receive shares of common stock pursuant to the terms of the AirTran 1995 Employee Stock Purchase Plan for which they will be entitled to receive the merger consideration.

Performance Shares. At the effective time of the merger, each outstanding performance share will be automatically vested as to the target number (100%) of shares granted, and the applicable performance period will be deemed to have terminated as of the completion of the merger, such that the number of performance shares earned will be pro rated to reflect the shortened performance period. Holders of performance shares will receive the cash equivalent of the per share merger consideration (which cash equivalent will be based on the Southwest average share price) for each share earned, subject to any applicable withholdings or deductions required by law.

Material U.S. Federal Income Tax Consequences of the Merger (see page 88)

The merger, together with the post-closing merger, is intended to qualify as a reorganization under the Code, provided that the value of the shares of Southwest common stock delivered to AirTran stockholders in the merger is sufficient as discussed below under Material U.S. Federal Income Tax Consequences of the Merger. If the merger, together with the post-closing merger, qualifies as a reorganization and you are a U.S. person, you generally will recognize any gain only to the extent of the cash you receive and any loss will not be currently recognized.

If the merger, together with the post-closing merger, does not qualify as a reorganization and you are a U.S. person, then you generally will recognize any gain or loss equal to the sum of the amount of any cash and the fair market value of the Southwest common stock you receive in the merger, determined when the merger occurs, less your tax basis in the AirTran common stock surrendered.

See Risk Factors Risks Relating to the Merger There is a possibility that the merger, together with the post-closing merger, will not qualify as a reorganization for U.S. federal income tax purposes on page 20.

For a more detailed description of the U.S. federal income tax consequences of the merger, please see Material U.S. Federal Income Tax Consequences of the Merger on page 88.

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Regulatory Clearances Required for the Merger (see page 62)

Southwest and AirTran have each agreed to take actions in order to obtain regulatory clearance required to consummate the merger. Regulatory clearance includes expiration or termination of the required waiting period under the HSR Act, following required notifications and review by the Antitrust Division. On October 8, 2010, each of Southwest and AirTran filed its notification under the HSR Act. On November 8, 2010, the waiting period under the HSR Act was extended by the Antitrust Division's issuance of a request for additional information and documentary material. The parties are responding to the Second Request and currently expect the closing of the merger to occur in the first half of 2011.

In addition to the antitrust related filings and clearance discussed above, Southwest and AirTran must obtain any approvals or authorizations required to be obtained from the Federal Aviation Administration (the FAA) and the U.S. Department of Transportation (the DOT), as well as all other approvals and authorizations required to be obtained in connection with the consummation of the merger and the transactions contemplated by the merger agreement from any other governmental authority, except where the failure to obtain any such approval or authorization will not result in a material adverse effect (as defined in the merger agreement) on either Southwest or AirTran.

While Southwest and AirTran expect to obtain all required regulatory clearances, we cannot assure you that these regulatory clearances will be obtained or that the granting of these regulatory clearances will not involve the imposition of additional conditions on the completion of the merger, including the requirement to divest assets, or require changes to the terms of the merger agreement. These conditions or changes could result in the conditions to the merger not being satisfied.

Expected Timing of the Merger

Southwest and AirTran currently expect the closing of the merger to occur in the first half of 2011. However, the merger is subject to regulatory clearance and the satisfaction or waiver of other conditions as described in the merger agreement, and it is possible that factors outside the control of Southwest and AirTran could result in the merger being completed at an earlier time, a later time or not at all.

Conditions to Completion of the Merger (see page 82)

The obligations of Southwest and AirTran to complete the merger are subject to the satisfaction of the following conditions:

approval of the merger agreement by holders of a majority of the outstanding shares of AirTran common stock entitled to vote thereon;

authorization of the listing on the NYSE of the shares of Southwest common stock to be issued to AirTran stockholders pursuant to the merger, subject to official notice of issuance;

the waiting period applicable to the merger under the HSR Act having expired or been earlier terminated;

any approvals and authorizations required to be obtained from the FAA and the DOT having been obtained;

all other approvals and authorizations required to be obtained in connection with the consummation of the merger and the transactions contemplated by the merger agreement from any governmental authority having been obtained, except where the failure to obtain any such approval or authorization will not result in a material adverse effect (as defined in the merger agreement) on either Southwest and its subsidiaries, taken as a whole, or AirTran and its subsidiaries, taken as a whole;

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effectiveness of the registration statement of which this proxy statement/prospectus forms a part and the absence of a stop order or proceedings threatened or initiated by the SEC for that purpose; and

absence of any order, judgment, writ, stipulation, award, injunction, decree, arbitration award, finding, law, statute, ordinance, rule or regulation by a court or other governmental authority or other legal restraint or prohibition that makes illegal or permanently restrains, enjoins or otherwise prohibits or prevents the consummation of the merger or the other transactions contemplated by the merger agreement.

In addition, Southwest's obligation to effect the merger is subject to the satisfaction or its waiver of the following additional conditions:

each of the representations and warranties of AirTran, other than the representations and warranties related to (i) the corporate organization, standing, corporate power and authority of AirTran and the subsidiaries of AirTran, (ii) the due authorization and valid issuance of the shares of AirTran capital stock, (iii) the absence of any outstanding voting debt, (iv) AirTran's ownership of all of the issued and outstanding equity ownership interests of AirTran Airways, free and clear of any encumbrances and voting and selling restrictions, (v) the approval of the merger agreement and the merger by the AirTran board of directors and AirTran's corporate power and authority to enter into the merger agreement, (vi) the inapplicability of any state takeover statutes to the merger agreement, the merger and the other transactions contemplated by the merger agreement, (vii) the absence of any stockholder rights agreement or any similar type of anti-takeover contract to which AirTran is subject that applies to the merger or the ability of Southwest or any subsidiary of Southwest to perform its respective obligations under the merger agreement or receive the benefits thereof, and (viii) AirTran Airways' status as a citizen of the United States and as an air carrier, as such terms are defined in the Federal Aviation Act, and operation under certificates issued pursuant to the Federal Aviation Act, will be true and correct as of the signing date of the merger agreement and as of the closing date of the merger (other than those representations and warranties that expressly were made only as of an earlier date, which need only be true and correct as of such date), except where the failure of such representations and warranties to be so true and correct (without giving effect to any materiality or material adverse effect qualifications contained in such representations and warranties) has not had and would not result in a material adverse effect (as defined in the merger agreement) on AirTran;

each of the representations and warranties of AirTran related to (i) the corporate organization, standing, corporate power and authority of AirTran and the subsidiaries of AirTran, (ii) the approval of the merger agreement and the merger by the AirTran board of directors and AirTran's corporate power and authority to enter into the merger agreement, (iii) the inapplicability of any state takeover statutes to the merger agreement, the merger and the other transactions contemplated by the merger agreement, (iv) the absence of any stockholder rights agreement or any similar type of anti-takeover contract to which AirTran is subject that applies to the merger or the ability of Southwest or any subsidiary of Southwest to perform its respective obligations under the merger agreement or receive the benefits thereof, and (v) AirTran Airways' status as a citizen of the United States and as an air carrier, as such terms are defined in the Federal Aviation Act, and operation under certificates issued pursuant to the Federal Aviation Act, will be true and correct in all respects as of the signing date of the merger agreement and as of the closing date of the merger (other than those representations and warranties that expressly were made only as of an earlier date, which need only be true and correct as of such date);

each of the representations and warranties of AirTran related to (i) the due authorization and valid issuance of the shares of AirTran capital stock, (ii) the absence of any outstanding voting debt, and (iii) AirTran's ownership of all of the issued and outstanding equity ownership interests of AirTran Airways, free and clear of any encumbrances and voting and selling restrictions will be true and correct, except for any inaccuracies that are immaterial individually or in the aggregate, in each case as of the signing date of the merger agreement and as of the closing date of the merger (other than those

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representations and warranties that expressly were made as of an earlier date, which need only be true and correct as of such date);

AirTran shall have performed in all material respects all obligations required to be performed by it under the merger agreement at or prior to the closing date of the merger; and

Southwest shall have received a certificate executed by AirTran's chief executive officer or chief financial officer as to the satisfaction of the conditions described in the four immediately preceding bullet points.

AirTran's obligation to effect the merger is subject to the satisfaction or its waiver of the following additional conditions:

each of the representations and warranties of Southwest, other than the representations and warranties related to (i) the corporate organization, standing, corporate power and authority of Southwest and Merger Sub, (ii) the due authorization and valid issuance of the shares of Southwest capital stock, (iii) the absence of any options, warrants or other rights to acquire Southwest common stock or any pre-emptive rights, subscriptions, derivatives or other rights, agreements, arrangements or commitments of any character relating to the common stock of Southwest or its subsidiaries obligating Southwest or its subsidiaries to issue, transfer or sell any common stock or voting debt of Southwest and its subsidiaries, (iv) the absence of any voting trusts to which Southwest or any of its subsidiaries is a party, (v) the sufficiency of the number of authorized and unissued shares of Southwest common stock and Southwest's cash (or its access to cash) to consummate the merger and the other transactions contemplated by the merger agreement, and (vi) the approval of the merger agreement and the merger by the boards of directors of Southwest and of Merger Sub and Southwest's and Merger Sub's corporate power and authority to enter into the merger agreement, will be true and correct as of the signing date of the merger agreement and as of the closing date of the merger (other than those representations and warranties that expressly were made only as of an earlier date, which need only be true and correct as of such date), except where the failure of such representations and warranties to be so true and correct (without giving effect to any materiality or material adverse effect qualifications contained in such representations and warranties) has not had and would not result in a material adverse effect (as defined in the merger agreement) on Southwest;

each of the representations and warranties of Southwest related to (i) the corporate organization, standing, corporate power and authority of Southwest and Merger Sub, (ii) the due authorization and valid issuance of the shares of Southwest capital stock, (iii) the absence of any options, warrants or other rights to acquire Southwest common stock or any pre-emptive rights, subscriptions, derivatives or other rights, agreements, arrangements or commitments of any character relating to the common stock of Southwest or its subsidiaries obligating Southwest or its subsidiaries to issue, transfer or sell any common stock or voting debt of Southwest and its subsidiaries, (iv) the absence of any voting trusts to which Southwest or any of its subsidiaries is a party, (v) the sufficiency of the number of authorized and unissued shares of Southwest common stock and Southwest's cash (or its access to cash) to consummate the merger and the other transactions contemplated by the merger agreement, and (vi) the approval of the merger agreement and the merger by the boards of directors of Southwest and of Merger Sub and Southwest's and Merger Sub's corporate power and authority to enter into the merger agreement will be true and correct in all respects as of the signing date of the merger agreement and as of the closing date of the merger (other than those representations and warranties that expressly were made only as of an earlier date, which need only be true and correct as of such date);

Southwest shall have performed in all material respects all obligations required to be performed by it under the merger agreement at or prior to the closing date of the merger; and

AirTran shall have received a certificate executed by Southwest's chief executive officer or chief financial officer as to the satisfaction of the conditions described in the three immediately preceding bullet points.

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No Solicitation of Alternative Proposals (see page 74)

The merger agreement generally precludes AirTran from soliciting or engaging in discussions or negotiations with a third party with respect to a proposal for a competing transaction, including the acquisition of a significant interest in AirTran common stock or AirTran's assets. However, if prior to obtaining the approval of its stockholders of the proposal to approve the merger agreement, AirTran receives an unsolicited proposal from a third party for a competing transaction and the AirTran board of directors determines in good faith (after consultation with its legal and financial advisors) (i) that such proposal is or could reasonably be expected to lead to a proposal that is superior to the proposal contemplated by the merger agreement, and (ii) that there is a reasonable probability that the failure to take the actions would cause the AirTran board to violate its fiduciary duties to AirTran and its stockholders under Nevada law, AirTran and its representatives may furnish information and data (including non-public information) with respect to AirTran and its subsidiaries to and engage in, maintain and participate in discussions or negotiations with, the third party making the competing proposal and its representatives, or otherwise cooperate with or assist or participate in, or encourage or facilitate, any such discussions or negotiations regarding the competing proposal.

Termination of the Merger Agreement (see page 84)

Southwest and AirTran may mutually agree to terminate the merger agreement at any time prior to the effectiveness of the merger. Either party may also terminate the merger agreement if:

the merger is not consummated by September 26, 2011, which date is subject to extension by mutual agreement of the parties (the end date), as long as the failure to complete the merger before that date is not the result of or caused by the terminating party's breach of any representation or warranty or failure to fulfill any covenant or agreement under the merger agreement;

a governmental authority has issued a final and nonappealable order, judgment, writ, stipulation, award, injunction, decree, arbitration award, finding, law, statute, ordinance, rule or regulation making (or any other legal restraint or prohibition makes) the merger illegal or permanently restraining, enjoining or otherwise prohibiting the consummation of the merger or the other transactions contemplated by the merger agreement;

the required AirTran stockholder approval has not been obtained due to the failure to obtain the required vote at a duly held meeting of AirTran stockholders at which a vote is taken; or

the other party has breached any of its representations or warranties or failed to perform any of the obligations to be performed by it under the merger agreement and such breach or failure to perform (i) would result in a failure by such party to satisfy the closing conditions with respect to the accuracy of such party's representations and warranties or the performance by such party of its obligations and (ii) is incapable of being cured or has not been cured by the later of 20 business days after written notice of the breach and the end date.

Southwest and AirTran also may terminate the merger agreement in connection with certain competing transactions. See the section entitled "The Merger Agreement - Termination of the Merger Agreement" for a more complete discussion of the rights of each of Southwest and AirTran to terminate the merger agreement.

Termination Fees and Expenses (see page 85)

Generally, all fees and expenses incurred in connection with the merger agreement and the transactions contemplated by the merger agreement will be paid by the party incurring those expenses, subject to the specific exceptions discussed in this proxy statement/prospectus where AirTran may be required to pay a termination fee of \$39 million (but, in which case, AirTran would not be required to pay a separate expense reimbursement to Southwest). See the section entitled "The Merger Agreement - Expenses and Termination Fees; Liability for Breach" for a discussion of the circumstances under which such a termination fee will be required to be paid.

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Accounting Treatment (see page 92)

Southwest prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, which is referred to as GAAP. The merger will be accounted for using the acquisition method of accounting.

No Dissenters Rights of Appraisal (see page 108)

Under Nevada law, the holders of shares of AirTran common stock are not entitled to dissenters rights of appraisal in connection with the merger.

Comparison of Stockholder Rights and Corporate Governance Matters (see page 103)

AirTran stockholders receiving the merger consideration will have different rights once they become stockholders of Southwest due to differences between the governing law and corporate documents of AirTran and Southwest. These differences are described in detail under the section entitled Comparison of Rights of Southwest and AirTran Stockholders.

Listing of Shares of Southwest Common Stock; Delisting and Deregistration of Shares of AirTran Common Stock (see page 64)

It is a condition to the completion of the merger that the shares of Southwest common stock to be issued to AirTran stockholders pursuant to the merger be authorized for listing on the NYSE, subject to official notice of issuance, at the effective time of the merger. Upon completion of the merger, shares of AirTran common stock currently listed on the NYSE will cease to be listed on the NYSE and will be subsequently deregistered under the Exchange Act.

The Special Meeting

(see page 28)

The special meeting is scheduled to be held at [] on [] at [] a.m., local time. The special meeting is being held in order to consider and vote on:

the proposal to approve the merger agreement, which is further described in the sections titled The Merger and The Merger Agreement, beginning on pages 32 and 66, respectively; and

adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the foregoing proposal.

Only holders of record of AirTran common stock at the close of business on [], the record date for the special meeting, are entitled to notice of, and to vote at, the special meeting or any adjournments or postponements thereof. At the close of business on the record date, [] shares of AirTran common stock were issued and outstanding, approximately []% of which were held by AirTran's directors and executive officers. We currently expect that AirTran's directors and executive officers will vote their shares in favor of the merger proposal, although no director or executive officer has entered into any agreement obligating him or her to do so.

You may cast one vote for each share of AirTran common stock you own. The proposal to approve the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares of AirTran common stock entitled to vote at the special meeting. If necessary or appropriate to solicit additional proxies if there are not sufficient votes to approve the proposal to approve the merger agreement, AirTran stockholders, by a majority of the votes cast at the meeting by the holders of AirTran common stock entitled to vote and present in person or by proxy, whether or not a quorum is present, may adjourn the meeting to another time or place without further notice unless a new record date is fixed for the adjourned meeting, in which case a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Table of Contents**Summary Historical Consolidated Financial Data****Summary Consolidated Historical Financial Data of Southwest**

The following statement of operations data for the years ended December 31, 2009, 2008, and 2007 and the balance sheet data as of December 31, 2009 and 2008 have been derived from the audited consolidated financial statements of Southwest contained in its Annual Report on Form 10-K for the fiscal year ended December 31, 2009, which are incorporated into this document by reference. The statement of operations data for the years ended December 31, 2006 and 2005 and the balance sheet data as of December 31, 2007, 2006 and 2005 have been derived from Southwest's audited consolidated financial statements for such years, which have not been incorporated into this document by reference.

The statement of operations data for the nine months ended September 30, 2010 and the balance sheet data as of September 30, 2010 have been derived from Southwest's unaudited interim consolidated financial statements contained in its Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2010, which is incorporated into this document by reference. The statement of operations data for the nine months ended September 30, 2009 have been derived from Southwest's unaudited interim consolidated financial statements contained in its Quarterly Report on Form 10-Q for the period ended September 30, 2009, which has not been incorporated into this document by reference. These financial statements are unaudited, but, in the opinion of Southwest's management, contain all adjustments necessary to present fairly Southwest's financial position and results of operations for the periods indicated.

You should read this selected historical financial data together with the financial statements that are incorporated by reference into this document and their accompanying notes and management's discussion and analysis of financial condition and results of operations of Southwest contained in such reports.

Statement of Operations Data of Southwest**(In millions, except per share amounts)**

	Nine Months Ended		Year Ended December 31,				
	September 30, 2010	2009	2009	2008	2007	2006	2005
Operating revenue	\$ 8,990	\$ 7,638	\$ 10,350	\$ 11,023	\$ 9,861	\$ 9,086	\$ 7,584
Operating expenses	8,218	7,543	10,088	10,574	9,070	8,152	6,859
Earnings from operations	772	95	262	449	791	934	725
Income (loss) before income taxes	532	(20)	164	278	1,058	790	779
Income taxes	204	(4)	65	100	413	291	295
Net income (loss) (1)	328	(16)	99	178	645	499	484
Earnings (loss) per share:							
Basic	0.44	(0.02)	0.13	0.24	0.85	0.63	0.61
Diluted	0.44	(0.02)	0.13	0.24	0.84	0.61	0.60
Cash dividends declared per common share	0.0135	0.0135	0.0180	0.0180	0.0180	0.0180	0.0180
(1) Includes the following special income (expense) items:							
Impact of fuel contracts, net	107	50	9	128	(197)	88	(59)
Impact of early retirement offer		35	35		12		
Other, net				(12)	11	(9)	

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Balance Sheet Data of Southwest

(In millions)

	As of September 30,				As of December 31,		
	2010	2009	2009	2008	2007	2006	2005
Unrestricted cash, cash equivalents and short-term investments	\$ 3,379	\$ 2,254					