

**IN THE FIRST JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA
IN AND FOR CARSON CITY**

FREDERICK LEONELLI, Individually and on Behalf of All Others Similarly Situated,	X	
	:	
	<i>Plaintiff,</i>	
vs.	:	Case No. 10 OC 00448 1B
AIRTRAN HOLDINGS, INC., ROBERT L. FORNARO, ARNE G. HAAK,	:	(consolidated with 10 OC 00449 1B)
LEWIS H. JORDAN, DON L. CHAPMAN, J. VERONICA BIGGINS, JERE	:	Dept No. II
A. DRUMMOND, JOHN F. FIEDLER, G. PETER D'ALOIA, ALEXIS P.	:	<u>CLASS ACTION</u>
MICHAS, GEOFFREY T. CROWLEY, MICHAEL P. JACKSON, SOUTH-	:	
WEST AIRLINES CO., and GUADALUPE HOLDINGS CORP.,	:	
	:	
<i>Defendants.</i>	X	

NOTICE OF PENDENCY AND PROPOSED SETTLEMENT OF CLASS ACTION AND SETTLEMENT HEARING

TO: ALL RECORD AND BENEFICIAL HOLDERS OF THE COMMON STOCK OF AIRTRAN HOLDINGS, INC., AT ANY TIME BEGINNING AND INCLUDING SEPTEMBER 27, 2010 THROUGH AND INCLUDING MAY 2, 2011. PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOU MAY BE AFFECTED BY A PROPOSED SETTLEMENT OF CLASS ACTION LITIGATION.

This Notice of Pendency and Proposed Settlement of Class Action and Settlement Hearing (“Notice”) was authorized and approved by the First Judicial District Court of Nevada in and for Carson City (the “Court”). This Notice, however, is not an expression of opinion by the Court as to the merits of any claims or defenses asserted by any party in this class action litigation. This Notice is sent for the sole purpose of informing you of the proposed Settlement,¹ which is contingent on final approval by the Court. If approved, the Settlement will end litigation of the Actions. This is not a solicitation from a lawyer.

On May 10, 2011, the Court in this Action preliminarily approved the proposed Settlement between the Parties.

The Settlement provides, in part, for certain supplemental disclosures adopted by AirTran Holdings, Inc. (“AirTran” or the “Company”) and Southwest Airlines. Co. (“Southwest”), concerning the acquisition of AirTran by Southwest, the mutual release of claims, and the payment of Plaintiffs’ attorneys’ fees and expenses.

Plaintiffs and Defendants vigorously disagree on both whether Plaintiffs could have prevailed at trial and the recovery, if any, that could have been achieved for the Settlement Class if Plaintiffs had prevailed at trial. Plaintiffs believe the claims alleged in the Actions have merit. Defendants deny all of Plaintiffs’ allegations of wrongdoing and deny they have any liability whatsoever. Continued litigation of the Actions could have resulted in either dismissal or loss at trial. In reaching this Settlement, however, Plaintiffs and Defendants have avoided the costs, time, expense, distraction, and risks associated with continued litigation, including the danger of no recovery.

Your rights and options are explained in this Notice. A summary of your rights is set forth below. Please note that the date of the Settlement Hearing is subject to change without further notice.

The Court in charge of this case must decide whether to approve the Settlement.

Subject to the Order of the Court, pending final determination of whether the Settlement should be approved, Plaintiffs and all members of the Settlement Class, or any of them, are barred and enjoined from commencing, prosecuting, instigating, or in any way participating in the commencement or prosecution of any action asserting any Released Claim against any Released Person.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT			
OBJECT	You may write to the Court if you do not like this Settlement.		
GO TO THE SETTLEMENT HEARING	You may ask to speak to the Court about your concerns relating to the Settlement at the Settlement Hearing.		
DO NOTHING	You may do nothing. You will remain a member of the Settlement Class and be bound by the Judgment of the Court.		
DEADLINES	The Settlement Hearing will take place on July 28, 2011 at 1:30 p.m. (Pacific Time). Objections to the Settlement must be filed and served by July 14, 2011.		
MORE INFORMATION	More information concerning the Settlement can be obtained by calling or writing to Co-Lead Counsel: <table style="width: 100%; margin-top: 10px;"> <tr> <td style="width: 50%; vertical-align: top;"> ROBBINS UMEDA LLP Attn: Stephen J. Oddo 600 B Street, Suite 1900 San Diego, CA 92101 Telephone: (619) 525-3990 </td> <td style="width: 50%; vertical-align: top;"> ROBBINS GELLER RUDMAN & DOWD LLP Attn: Jeffrey D. Light 655 West Broadway, Suite 1900 San Diego, CA 92101 Telephone: (619) 231-1058 </td> </tr> </table>	ROBBINS UMEDA LLP Attn: Stephen J. Oddo 600 B Street, Suite 1900 San Diego, CA 92101 Telephone: (619) 525-3990	ROBBINS GELLER RUDMAN & DOWD LLP Attn: Jeffrey D. Light 655 West Broadway, Suite 1900 San Diego, CA 92101 Telephone: (619) 231-1058
ROBBINS UMEDA LLP Attn: Stephen J. Oddo 600 B Street, Suite 1900 San Diego, CA 92101 Telephone: (619) 525-3990	ROBBINS GELLER RUDMAN & DOWD LLP Attn: Jeffrey D. Light 655 West Broadway, Suite 1900 San Diego, CA 92101 Telephone: (619) 231-1058		

¹ Except as expressly provided herein, all capitalized terms shall have the same meanings and/or definitions as set forth in the Stipulation and Agreement of Settlement dated May 6, 2011 (the “Stipulation”).

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BASIC INFORMATION

1. Why Did I Get This Notice Package?

You or someone in your family may have held AirTran Holdings, Inc. (“AirTran”) common stock during the period beginning on September 27, 2010 through and including May 2, 2011, the date of close of the Merger between AirTran and Southwest. The Court directed that you be sent this Notice because, if you are a member of the Settlement Class, you have a right to know about the proposed settlement of a class action lawsuit, and about all of your options before the Court decides whether to approve the Settlement. This package describes the Actions, the Settlement, and your legal rights.

2. What Is This Lawsuit About?

The Settlement is the product of: (i) Plaintiffs’ Counsel’s independent investigation into the Merger; (ii) Plaintiffs’ Counsel’s review of certain discovery material produced by Defendants at the request of Plaintiffs’ Counsel; and (iii) Plaintiffs’ Counsel’s determination that the Settlement of the Actions is in the best interests of the Settlement Class.

If the Court approves the Settlement, all members of the Settlement Class will release claims, including any claims relating to the Merger or to matters alleged in the Actions, against the Defendants and certain others who are related to Defendants (“Released Persons”). The exact terms of the release are contained in the Stipulation and Agreement of Settlement (“Stipulation”), which may be inspected during business hours at the Carson City District Court Clerk’s Office located at 885 East Musser Street, Suite 3031, Carson City, Nevada 89701-3031.

3. Why Is This a Class Action?

In a class action, one or more persons sue on behalf of people who have similar claims. These people are collectively referred to herein as the Settlement Class. The Court has appointed Plaintiffs to act as representatives of the Settlement Class. The Court will resolve the issues for all the members of the Settlement Class.

4. Why Is There a Settlement?

THE FOLLOWING RECITATION DOES NOT CONSTITUTE FINDINGS OF THE COURT. IT IS BASED ON STATEMENTS OF THE PARTIES AND SHOULD NOT BE UNDERSTOOD AS AN EXPRESSION OF ANY OPINION OF THE COURT AS TO THE MERITS OF ANY OF THE CLAIMS OR DEFENSES RAISED BY ANY OF THE PARTIES.

On September 26, 2010, Southwest, Guadalupe and AirTran announced they had entered into an Agreement and Plan of Merger (the “Merger Agreement”) pursuant to which Southwest would acquire AirTran in exchange for .321 shares of Southwest common stock and at least \$3.75 in cash, without interest, for each share of AirTran common stock (the “Merger”).

On November 19, 2010, Southwest filed with the United States Securities and Exchange Commission (“SEC”) a registration statement which included a preliminary prospectus of Southwest and a preliminary proxy statement of AirTran (the “Preliminary Registration Statement”).

On September 28, 2010, two class action complaints were filed in the First Judicial District Court of Nevada in and for Carson City (the “State Court”) against the Defendants alleging, among other things, that: (i) the consideration to be received by AirTran’s stockholders in the Merger was unfair and inadequate; (ii) certain AirTran officers and directors (the “Individual AirTran Defendants”) breached their fiduciary duties to AirTran stockholders by approving the Merger Agreement through an unfair and flawed process and by approving certain deal protection mechanisms contained in the Merger Agreement; and (iii) AirTran, Southwest, and Guadalupe aided and abetted the Individual AirTran Defendants in the breach of their fiduciary duties to AirTran stockholders. On November 24, 2010, the Court consolidated the complaints under the caption *Leonelli v. AirTran Holdings, Inc., et al.*, Case No. 10-OC-00448-1B (the “State Action”).

On December 2, 2010, the Federal Plaintiff filed the Federal Action² making allegations similar to those made in the State Action and adding claims that the preliminary prospectus/proxy statement in the Preliminary Registration Statement was false and misleading in violation of Sections 14(a) and 20(a) of the Securities Exchange Act of 1934 and the fiduciary duties of certain Defendants.

On December 7, 2010, counsel for AirTran provided the State Plaintiffs with certain documents and information concerning the Merger, including, but not limited to, certain minutes of the AirTran board of directors during the relevant time period, and certain presentations and analyses from financial advisors retained by AirTran’s board of directors.

On December 9, 2010, the Court appointed Robbins Umeda LLP and Robbins Geller Rudman & Dowd LLP as co-lead counsel (“Co-Lead Counsel”) in the State Action. On December 14, 2010, the State Plaintiffs filed a consolidated complaint adding claims that the preliminary prospectus/proxy statement in the Preliminary Registration Statement was materially false and misleading and seeking, among other things, injunctive relief and/or rescission of the Merger on the alleged basis that the Defendants breached their fiduciary duties owed to AirTran stockholders by approving the Merger and by causing a false and misleading registration statement to be distributed to the public stockholders.

On January 11, 2011, Co-Lead Counsel sent to Defendants’ Counsel a letter informing them that Co-Lead Counsel had conducted a detailed review and analysis of the public filings related to the Company, including the Form S-4 filed with the SEC on November 19, 2010 and the documents produced to Co-Lead Counsel for review in the State Action. The letter identified alleged structural and disclosure deficiencies in the Merger and demanded that Defendants disclose certain additional information to AirTran shareholders prior to the scheduled shareholder vote on the Merger.

The Parties and their respective counsel thereafter commenced arm’s-length negotiations concerning the terms and conditions of a potential resolution of the Actions. As a result of these negotiations, on January 18, 2011, the Parties entered into an agreement-in-principle to resolve the Actions and executed a Memorandum of Understanding (“MOU”) setting forth the key terms of the Settlement. The Settlement set forth herein reflects the results of the Parties’ negotiations and the terms of the MOU. An agreement-in-principle was only reached after arm’s-length negotiations between the Parties who were all represented by counsel with extensive experience and expertise in shareholder class action litigation. During the negotiations, all Parties had a clear view of the strengths and weaknesses of their respective claims and defenses. Plaintiffs and their counsel have concluded that the supplemental disclosures have provided AirTran shareholders with information sufficient to make a fully-informed vote in connection with the Merger.

Plaintiffs believe that the claims asserted in the Actions have merit and Plaintiffs’ entry into the Stipulation and Settlement is not intended and shall not be construed as an admission or concession concerning the relative strength or merit of the claims asserted in the Actions. However, Plaintiffs’ Counsel recognize and acknowledge the expense and length of continued proceedings necessary to prosecute the Actions against the Defendants through trial and through appeals. Plaintiffs’ Counsel also have taken into account the uncertain outcome and the risk of any litigation, especially in complex actions such as the Actions, as well as the difficulties and delays inherent in such litigation. Plaintiffs’ Counsel also are mindful of the inherent problems of proof and possible defenses to the claims asserted in the Actions. Plaintiffs’ Counsel have conducted a thorough review and analysis of the relevant facts, allegations, defenses, and controlling legal principles, and believe that the Settlement set forth in the Stipulation confers substantial benefits upon the Settlement Class. Based upon their evaluation, Plaintiffs and Plaintiffs’ Counsel have determined that the Settlement set forth in the Stipulation is fair, reasonable, and adequate, and in the best interests of the Settlement Class.

The Defendants have denied and continue to deny each and all of the claims and contentions alleged by the Plaintiffs in the Actions. The Defendants expressly have denied and continue to deny all charges of wrongdoing or liability against them as alleged in the complaints and the Actions, and Defendants maintain that none of them has committed any breach of fiduciary duty, any disclosure violation or any other breach or violation whatsoever, including, but not limited to, in connection with authorization and/or consummation of the Merger and Merger Agreement, or in connection with any disclosures regarding the terms of the Merger or Merger Agreement, including, but not limited to, the Preliminary Registration Statement.

Nonetheless, the Defendants have concluded that further litigation could be protracted and expensive. Defendants also have taken into account the uncertainty and risks inherent in any litigation, especially in complex cases like the Actions. The Defendants have, therefore, determined that it is desirable and beneficial to them that the Actions be settled in the manner and upon the terms and conditions set forth in the Stipulation.

² On October 8, 2010, the Federal Plaintiff filed a complaint against Defendants in the Eighth Judicial District Court of Nevada in and for Clark County making allegations similar to those made in the State Action. Federal Plaintiff voluntarily dismissed his complaint on November 30, 2010.

5. How Do I Know if I Am Part of the Settlement?

For purposes of the Settlement, the Court has certified a Settlement Class consisting of all Persons who held AirTran common stock at any time from and including September 27, 2010 through and including May 2, 2011, the date of the closing of the Merger, including any and all of their respective successors-in-interest, predecessors, representatives, trustees, executors, administrators, heirs, assigns or transferees, immediate and remote, and any Person acting for or on behalf of, or claiming under, any of them, and each of them.

6. What Are the Exceptions to Being Included?

Excluded from the Settlement Class are Defendants, members of the immediate family of any Individual Defendant, and the subsidiary companies and affiliates of AirTran and Southwest.

7. I Am Still Not Sure if I Am Included.

If you are still not sure whether you are included as a member of the Settlement Class, you can ask for free help. You can call or write to Co-Lead Counsel at the following address for more information: Robbins Umeda LLP, 600 B Street, Suite 1900, San Diego, California 92101, Telephone: (619) 525-3990, Facsimile: (619) 525-3991.

8. What Benefits Were Obtained as Part of the Settlement?

On February 1, 2011, Southwest filed with the SEC amended joint merger proxy statement/prospectus and registration statement in form S-4/A, containing the supplemental disclosures demanded by Plaintiffs. The supplemental disclosures provided additional information concerning, among other things, the following: (i) the nature and substance of any strategic alternatives discussed or considered by the AirTran board of directors; (ii) Morgan Stanley's AirTran Comparable Company Analysis, Discounted Equity Analysis and Discounted Cash Flow Analysis; (iii) the internal management projections provided by AirTran to Morgan Stanley for purposes of its various analyses; and (iv) Morgan Stanley's Southwest Comparable Company Analysis and Discounted Cash Flow Analysis. The Defendants have acknowledged that the decision to provide the supplemental disclosures would not have been made but for the filing, prosecution, and Settlement of the Actions and the efforts of Plaintiffs' Counsel.

THE LAWYERS REPRESENTING YOU

9. Do I Have a Lawyer in This Case?

The Court appointed the following law firms to represent the named Plaintiffs and all the Settlement Class:

ROBBINS UMEDA LLP
600 B Street, Suite 1900
San Diego, CA 92101
Telephone: (619) 525-3990

ROBBINS GELLER RUDMAN & DOWD LLP
655 West Broadway, Suite 1900
San Diego, CA 92101
Telephone: (619) 231-1058

If you want to be represented by your own lawyer, you may hire one at your own expense.

10. How Will the Lawyers Be Paid?

Plaintiffs' Counsel have neither received any payment for their services in prosecuting the Actions on behalf of Plaintiffs and the Settlement Class, nor have Plaintiffs' Counsel been paid for their out-of-pocket expenses incurred to date. After resolving the substantive terms of the Settlement, the Parties negotiated an amount of attorneys' fees and expenses to compensate Plaintiffs' Counsel for their work in achieving the benefits of this Settlement. Subject to Court approval, Defendants shall pay \$825,000 to Plaintiffs' Counsel for Plaintiffs' attorneys' fees and expenses (the "Fee Amount"). Neither you nor any other member of the Settlement Class is personally liable for the Fee Amount. The agreed upon Fee Amount will be the only payment to Plaintiffs' Counsel for their efforts in achieving this Settlement and for their risk in undertaking this representation on a wholly contingent basis.

THE SETTLEMENT HEARING

11. When and Where Will the Court Decide Whether to Approve the Settlement?

The Court will hold a hearing to decide whether to approve the Settlement. The Settlement Hearing will be held at 1:30 p.m. (Pacific Time), on July 28, 2011, at the First Judicial District Court of Nevada in and for Carson City located at 885 East Musser Street, Suite 3031, Carson City, Nevada 89701-3031. At the Settlement Hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them. If the Settlement is approved, the Court will also consider whether to approve the payment of Plaintiffs' attorneys' fees and expenses. The Court may decide these issues at the Settlement Hearing or take them under advisement to issue a written opinion. We do not know how long these decisions will take.

12. Do I Have to Come to the Hearing?

No. Plaintiffs' Counsel will answer questions the Court may have. But you are welcome to come at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you mailed your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary.

13. May I Speak at the Hearing?

If you are member of the Settlement Class who has submitted a written objection, you may ask the Court for permission to speak at the Settlement Hearing. To do so, you must mail a letter called a "Notice of Intention to Appear at Settlement Hearing in *Leonelli v. AirTran Holdings, Inc., et al.*" Be sure to include your name, address, telephone number, your signature, and the number of shares of AirTran common stock you held and what date you acquired your shares. Your Notice of Intention to Appear must be received by the persons at the addresses listed in Question 14 by July 18, 2011.

OBJECTING TO THE SETTLEMENT

14. How Do I Tell the Court that I Do Not Like the Settlement?

You can tell the Court that you do not agree with the Settlement or some part of it. Objecting is simply telling the Court that you do not like something about the Settlement. If you are a member of the Settlement Class, you can object to the Settlement if you do not like any part of it. You must give reasons why you think the Court should not approve it. The Court will consider your views. Any objection must be in writing and include your name, address, telephone number, your signature, and the number of shares of AirTran common stock you held at any time from September 27, 2010 through and including May 2, 2011. If you are represented by counsel, your objection must also include the name, address, and telephone number of your counsel. Any objection to the Settlement must be mailed or delivered by July 14, 2011, to:

The Court:

CARSON CITY DISTRICT COURT CLERK
885 East Musser Street, Suite 3031
Carson City, NV 89701-3031

Co-Lead Counsel for Plaintiffs:

ROBBINS UMEDA LLP
Attn: Stephen J. Oddo
600 B Street, Suite 1900
San Diego, CA 92101

ROBBINS GELLER RUDMAN & DOWD LLP
Attn: Jeffrey D. Light
655 West Broadway, Suite 1900
San Diego, CA 92101

GETTING MORE INFORMATION

15. Are There More Details About the Settlement?

This Notice summarizes the proposed Settlement. This summary is qualified by, and subject to, the detailed terms of the Stipulation and Agreement of Settlement together with the exhibits attached thereto.

16. How Do I Get More Information?

There is additional information concerning the Settlement available in the Stipulation and Agreement of Settlement which may be inspected during business hours at the Carson City District Court Clerk's Office located at 885 East Musser Street, Suite 3031, Carson City, Nevada 89701-3031.

For more information concerning the Settlement, you may contact: Robbins Umeda LLP, c/o Lauren Levi, Client Relations, 600 B Street, Suite 1900, San Diego, CA 92101, Telephone: (619) 525-3990, or Robbins Geller Rudman & Dowd LLP, c/o Rick Nelson, Client Relations, 655 West Broadway, Suite 1900, San Diego, CA 92101, Telephone: (619) 231-1058.

17. Notice To Persons Or Entities Holding Record Ownership On Behalf Of Others

If you hold or held any AirTran common stock at any time from and including September 27, 2010 through and including May 2, 2011, as nominee for a beneficial owner, then, within ten (10) calendar days after you receive this Notice, you must either: (1) send a copy of this Notice by First-Class Mail to all such Persons; or (2) provide a list of the names and addresses of such Persons to the Notice Administrator:

Leonelli v. AirTran Holdings, Inc., et al.
Notice Administrator
c/o Strategic Claims Services
600 North Jackson Street, Suite 3
Media, PA 19063
Telephone: (877) 388-8260

If you choose to mail the Notice yourself, you may obtain from the Notice Administrator (without cost to you) as many additional copies of these documents as you will need to complete the mailing.

Regardless of whether you choose to complete the mailing yourself or elect to have the mailing performed for you, you may obtain reimbursement for, or advancement of, reasonable administrative costs actually incurred or expected to be incurred in connection with forwarding the Notice and which would not have been incurred but for the obligation to forward the Notice, upon submission of appropriate documentation to the Notice Administrator.

DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE

Leonelli v. AirTran Holdings, Inc., et al.
Notice Administrator
c/o Strategic Claims Services
600 North Jackson Street, Suite 3
Media, PA 19063

PLEASE FORWARD

FIRST CLASS MAIL
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FIRST CLASS MAIL

PLEASE FORWARD—IMPORTANT LEGAL NOTICE