

Southwest Airlines Co.
Julie Weber
Vice President and Chief People Officer
People Department
2702 Love Field Drive [HDQ 4HR]
Dallas, TX 75235



December 3, 2020

VIA FIRST CLASS MAIL AND EMAIL

David Morihara
WIOA Specialist/Statewide Rapid Response Coordinator
Workforce Development Council
830 Punchbowl Street, Room 417
Honolulu, HI 96813
David.M.Morihara@hawaii.gov

Dear Mr. Morihara:

The COVID-19 pandemic has devastated domestic air travel and tourism. As a result, Southwest Airlines has lost billions of dollars in revenues since the pandemic began. To help offset that revenue loss, Southwest has reduced annual 2020 cash outlays and spending by approximately \$8 billion compared with original plans. Southwest has also raised cash of approximately \$18.9 billion since the beginning of 2020, but we cannot disregard our almost 70 percent revenue loss in third quarter 2020.

The Payroll Support Program (PSP) for the airline industry, a part of the federal CARES Act, allowed Southwest to operate without any Employee pay cuts, layoffs, or furloughs through September 30, 2020. Southwest implemented a Voluntary Separation Program and an Extended Emergency Time Off Program, which were helpful to further reduce our staffing costs, with approximately 25 percent of Employees taking voluntary options. However, with PSP's expiration and no clarity that Congress will extend it in the future, Southwest must take further action to reduce our costs associated with Employee salaries, wages, and benefits—the largest cost category by far. In October, Southwest announced plans to reduce wages or engage in other cost-saving measures for all Leadership and Non-Union Employees. We expect these actions will permit Southwest to avoid layoffs for our Non-Union Employees through next year.

For our Union Employees, the Company is currently working with our Unions to negotiate cost-saving agreements. In exchange for such agreements, Southwest has promised protections from furloughs for our Union Employees through next year.

After over two months of discussions, we have not made meaningful progress in cost-saving negotiations with the following Unions:

- International Association of Machinists and Aerospace Workers, AFL-CIO (IAM) and IAM District Lodge 142, the Union representing our Customer Support and Services (CS&S) Employees, including Customer Service Agents, Customer Representatives, and Source of Support

Representatives. The chief elected official of IAM is Robert Martinez, Jr., International President, IAM Headquarters, 9000 Machinists Place, Upper Marlboro, MD 20772. The chief elected official of IAM District 142 is David Supplee, Local President and Directing General Chair, IAM District Lodge 142, 400 N.E. 32nd Street, Kansas City, MO 64116.

As a result, Southwest must unfortunately involuntarily furlough Customer Service Agents nationwide to further reduce our costs. The involuntary furlough will take place next year unless we reach cost-saving agreements with IAM, the government enacts a satisfactory PSP extension, or there is some other unforeseen event such as a significant increase in revenue.

Please know that this notice is delivered to satisfy the requirements of the Worker Adjustment and Retraining Notification Act (29 U.S.C. §§ 2101 et seq.) and regulations promulgated thereunder, or other state or local laws (collectively, the “Acts”), out of an abundance of caution even though the Acts may not apply to the current reduction in force.

This mass furlough of Employees located at Daniel K. Inouye International Airport, 300 Rogers Boulevard, Honolulu, HI 96819 is scheduled to take place on March 15, 2021, or within 14 days thereafter for Customer Service Agents and. Although we cannot predict with any certainty, based on the best information available to Southwest at this time, we expect that this furlough will last more than six months but will be temporary. Unfortunately, however, as part of this mass furlough, if our one (1) probationary Customer Service Agent does not complete her probation before the furlough scheduled on March 15, 2021, she will be permanently laid off.

Pursuant to Southwest’s collective bargaining agreements with IAM, Customer Service Agents who are affected by the furlough have rights to bump someone of lower seniority.

Attached as Appendix A is a list of the job titles and number of Hawaii-based Employees in each workgroup who are expected to be affected by the furlough. Because of the bumping rights available to Customer Service Agents and Ramp, Operations, Provisioning, and Freight Agents, Southwest is unable to determine which or how many Hawaii-based Customer Service Agents and Ramp, Operations, Provisioning, and Freight Agents ultimately will be affected by the planned action.

For further information, please contact Dawn Siemiet, Senior Manager at 214-792-6477 and WARNSupport@wnco.com.

Sincerely,

A handwritten signature in black ink, appearing to read 'Julie Weber', with a stylized, flowing script.

Julie Weber

APPENDIX A

JOB TITLE	NUMBER OF AFFECTED INCUMBENT EMPLOYEES
Customer Service Agent	1