

## Frontier Bankruptcy Q&As

These Q&As provide some information about Frontier's anticipated bankruptcy filing. As you will see, at this point there are many unanswered questions.

### Is Frontier going to file for bankruptcy?

Many articles have appeared in the media over the past weeks and months speculating that Frontier is planning to file a Chapter 11 bankruptcy petition. Most recently, the reports suggest Frontier will file the petition in mid-March 2020. We do not know any more than what we have read in the media, but we assume that the reports are accurate.

### What is Chapter 11 bankruptcy?

Under Chapter 11 of the federal bankruptcy code or law, an employer may file in the Bankruptcy Court, a petition seeking to reorganize its business so it can continue to operate. It includes a proposed repayment plan, subject to court approval and on which creditors are entitled to vote. The repayment plan grants the employer some relief from its pre-bankruptcy debts and sets forth how the employer will pay those debts in a manner that will allow it to continue to operate. The petition results in something called an "automatic stay." The automatic stay would prevent Frontier's creditors from trying to collect moneys Frontier owes them. The employer who files for bankruptcy is referred to as the Debtor. Media reports suggest that Frontier has been meeting with creditors and advisors to try to negotiate an agreement that would be presented to the Bankruptcy Court when Frontier files a Chapter 11 petition. The proposed agreement would allow the company to restructure its debt and keep operating without interruption of its telephone and broadband services to its customers. When a Debtor continues to operate after filing a Chapter 11 petition, the Debtor (here, Frontier) is called the Debtor-in-Possession. A Debtor-in-Possession remains in possession of its property and may continue to run the business.

### Are the Employees Interests Considered During the Bankruptcy?

The employees fall within a group of persons whose interests are considered when the Bankruptcy Court decides whether a proposed reorganization plan will allow the employer to continue in business and whether it is fair to persons impacted by the plan, including "unsecured creditors." Secured creditors of Frontier are creditors whose repayment is backed up by an interest in Frontier's property that Frontier has put up to secure a loan, for example. Unsecured creditors are persons

Frontier owes money and whose rights to payment are not backed up by an interest in Frontier's property. Employees are considered unsecured creditors.

After the bankruptcy petition is filed, the U.S. Bankruptcy Trustee appoints an Unsecured Creditors Committee (UCC) to protect the interests of the unsecured creditors. The UCC has the right to consult with the Debtor about the bankruptcy case and any matters related to the Debtor's reorganization plan, investigate the Debtor's actions, and appear in court to protect the interests of the UCC.

If Frontier files a bankruptcy petition, the IBEW would ask to be appointed to the UCC and would monitor the bankruptcy proceedings to protect your interests.

**Will the Chapter 11 bankruptcy affect my pay, benefits, and other terms of employment?**

Your pay, benefits, and other terms of employment are set forth in your collective bargaining agreement (CBA). If Frontier files a Chapter 11 petition, the petition would not change your established pay, benefits, and other terms of employment or other rights under the CBA. A section of the Bankruptcy Code prevents a Chapter 11 Debtor from unilaterally modifying or rejecting the terms of CBAs. The union will continue to represent you, and when needed the union can file and arbitrate grievances.

Frontier would have to continue recognizing the union as your bargaining representative, including negotiating successor agreements if a CBA is expiring or has expired, processing grievances, and arbitrating grievances.

**Can Frontier modify or reject an existing CBA?**

All existing CBAs remain in effect. To change the CBA, Frontier first would have to bargain in good faith with the union over any proposals to change employees' wages and other benefits under the CBA. Frontier's proposals must be necessary to permit Frontier's reorganization and must treat all affected parties fairly and equitably. Only after bargaining in good faith with the union and failing to reach agreement could Frontier file a request with the Bankruptcy Court to reject the CBA. The Judge would have to hold a hearing and would then grant or deny Frontier's request. We are not aware of any information or rumors suggesting that Frontier intends to seek to reject or modify the CBAs, but that is a possibility. If that happens, the union does not reach an agreement with Frontier, the union would have an opportunity to object to Frontier's proposed changes before the Bankruptcy Court.

If a request to reject the CBA is granted, the employer still has a duty to negotiate over a new CBA. And the employees would have the right to strike in support of their proposed contract.

What about my pension?

Earned benefits under a defined pension plan generally are protected under federal law and must be paid. An employer can apply for a distressed termination of a pension plan that is underfunded, which means the plan does not have enough assets to pay the benefits, but the employer must show it will not be able to successfully reorganize or continue in business unless the plan is terminated. The assets of your pension plan must be held in trust and cannot be used by the employer to pay other debts. We have no reason at this point to believe that Frontier is planning to try to terminate the pension plan. To seek changes to the pension plan during the bankruptcy proceedings, Frontier would have to negotiate with the union.

According to Frontier, its Pension Plan is 92.91 percent funded. The assets of your pension plan must be held in trust and cannot be used by the employer to pay other debts. So the funds in Frontier's Pension Plan are protected. Under the Frontier Pension Plan, a retiree has an option of taking a lump sum payment or monthly payments at retirement. Under federal law, lump sum pension payments generally are not available to employees who retire during the employer's bankruptcy proceedings. If Frontier's Pension Plan is not changed or terminated during the bankruptcy, lump sum payouts should become available after the bankruptcy case is over.

If the pension plan were terminated it would not mean you would lose your right to a pension. The plan would be turned over to the Pension Benefit Guarantee Corporation (PBGC). PBGC would then administer the pension plan and benefits would likely be reduced. Lump sum pension payments would not be available. PBGC publishes a chart showing the maximum pension benefit amounts, which depend on when the employee retires and at what age. The chart is available on the internet at this address: <https://www.pbgc.gov/wr/benefits/guaranteed-benefits/maximum-guarantee>

What about my retiree healthcare benefits?

The mere filing of a bankruptcy petition will not affect your retiree healthcare benefits. In Chapter 11, Frontier's goal will be to restructure its debts to continue

operating. As part of that process, Frontier will present a Reorganization Plan. That Reorganization Plan may or may not include a proposal to change or terminate retiree health benefits. If Frontier does propose to change or terminate retiree health benefits, there will be an opportunity to oppose Frontier's proposal.

Even apart from bankruptcy, private employers are not required to promise retirees health benefits and many health benefit plans allow the employer to change or terminate benefits. Your retiree health benefits are governed by the plan documents and also by whether the employer made a specific promise to provide retiree health benefits for a definite time period or for life.