



**VIA E-MAIL**

**WIN-005A**

February 25, 2019

**To: All Windstream Local Presidents and Staff**

**Re: Windstream Files for Chapter 11 Bankruptcy**

Windstream Holdings and affiliated companies have filed for Chapter 11 bankruptcy in the Southern District of New York. The cases were filed in White Plains, New York before Bankruptcy Judge Robert Drain.

The CWA will closely monitor every aspect of the bankruptcy and will work to protect the jobs and interests of its members as the bankruptcy moves forward. The Debtor has stated that it will file a customary first day wage and benefit motion that we expect, if approved, should authorize the payment of wages and benefits in the ordinary course. The CWA has retained the law firm of Cohen, Weiss and Simon LLP, a firm that represents Labor Unions and has extensive bankruptcy experience, to represent the Union in the bankruptcy.

In Unity,

A handwritten signature in black ink that reads 'Lisa M. Bolton'.

Lisa M. Bolton, Vice President  
CWA Telecommunications & Technologies

/attachments

LB:wrc  
opeiu-2, afl-cio

Windstream Communications  
4001 Rodney Parham Road  
Little Rock, AR 72212

**Bruce P. Hurlbut**  
Director, Labor Relations/HR  
t: 510.748.6942

February 25, 2019



Lisa Bolton  
VP Telecommunications  
Communications Workers of America  
501 3<sup>rd</sup> St. NW  
Washington, DC 20001

Windstream Chapter 11 filing

Dear Lisa:

As you may be aware, this afternoon Windstream filed voluntary petitions for reorganization under Chapter 11 of the Bankruptcy Code. This does not mean that the Company is going out of business; in fact, the Company intends to continue operating in the normal course of business.

This process is not expected to impact our employees, including those who are in the Union. All employees can expect to receive their pay and benefits as usual and their roles and responsibilities are not expected to change. We do not expect this to have a direct impact on our labor agreements, including the pension. The Company currently intends to make all required pension contributions to the plan, as it has in the past.

Windstream has sufficient liquidity to run its business. We are confident that, upon completion of the reorganization process Windstream will emerge as a stronger company, better positioned to invest in our business, expand our capabilities for customers and compete for the long term.

Please contact me with questions. While we may not have all answers, we are committed to keeping you informed throughout the process as updates become available.

Sincerely,

A handwritten signature in blue ink, appearing to read "Bruce Hurlbut", with a horizontal line drawn above it.

Bruce Hurlbut  
Sr Counsel, Labor Relations

## Frequently Asked Questions about Bankruptcy and the *Windstream* Bankruptcy

**Question.** What is a bankruptcy?

**Answer.** A bankruptcy is a legal proceeding with a special set of rules and standards governing a company's rights and obligations (as well as the rights and obligations of creditors and other parties) after the company files a bankruptcy petition.

The laws governing a bankruptcy are contained in the U.S. Bankruptcy Code. Bankruptcy proceedings are supervised by the U.S. Bankruptcy Courts.

**Question.** What are the differences between a Chapter 11 and Chapter 7 bankruptcy?

**Answer.** **Chapter 11** filing is a reorganization proceeding that is intended to give a company an opportunity to restructure its operations and finances and emerge from bankruptcy pursuant to a plan of reorganization. In Chapter 11 bankruptcies, companies tend to seek a seamless transition in operations upon a filing so the public does not recognize a break or difference in service. In a Chapter 11 bankruptcy proceeding, a company may attempt to reorganize its operations in a "stand-alone" reorganization or to sell some or most of its assets as a going concern, often referred to as a "Section 363" or "363" sale. A company that has filed a Chapter 11 petition is often referred to as the "**debtor**" or "**debtor-in-possession**" ("DIP")

The *Windstream* bankruptcy cases were filed as Chapter 11 bankruptcies on February 25, 2019 in the United States Bankruptcy Court for the Southern District of New York in White Plains, New York.

- A **Chapter 7** filing is a liquidation proceeding where a company terminates operations. A trustee rather than management has ultimate responsibility for administering the company and its liquidation. *Windstream* is NOT a Chapter 7 bankruptcy.

**Question.** What are the rights a company obtains when it files for Chapter 11?

**Answer.** The "debtor" obtains the right to ask the bankruptcy court for authority to sell assets and reject otherwise binding contracts. Pursuant to the automatic stay, which becomes effective immediately upon a bankruptcy filing, there is a suspension of most creditors' efforts to collect on their debts and most litigation - these collection efforts and litigation are officially and automatically put "on hold." Debts become what are called bankruptcy "claims." These powers are aimed at giving a Company a chance to conserve its cash and restructure or sell assets in an organized way with some "breathing room" from creditors seeking to collect debts and pursue litigation.

**Question:** What are exceptions to the automatic stay?

**Answer.** Exceptions to an automatic stay include certain “First Day Orders,” which may authorize the company to pay various prepetition bankruptcy claims as they come due instead of waiting for the end of the case. In the *Windstream* Chapter 11 bankruptcy cases the Debtors have stated that they will file a customary first day wage and benefit motion that, if approved, should authorize the payment of wages and benefits in the ordinary course. We expect that the bankruptcy court will hear a request for interim approval of first day motions in the next day or two.

While most litigation is stayed, grievance and arbitration proceedings under a labor contract may go forward, although any monetary damages are usually dealt with in the bankruptcy process, and most government regulatory proceedings go forward.

**Question.** What happens in the Chapter 11 bankruptcy process?

**Answer.** When a company files a petition for Chapter 11, the automatic stay takes effect and the company immediately comes under the supervision of the bankruptcy court. The Company must file motions and seek the authority of the Bankruptcy Court to take any out-of-the-ordinary course actions. CWA and its professionals will receive advance notice of all of these motions and have the right to appear in court and take a position on any motion.

In a letter to the CWA following the bankruptcy filing, Windstream stated the following in relation to employees:

This [the bankruptcy filing] does not mean that the Company is going out of business; in fact, the Company intends to continue operating in the normal course of business.

This process is not expected to impact our employees, including those who are in the Union. All employees can expect to receive their pay and benefits as usual and their roles and responsibilities are not expected to change. We do not expect this to have a direct impact on our labor agreements, including the pension. The Company currently intends to make all required pension contributions to the plan, as it has in the past.

Similarly, in a statement issued in conjunction with the bankruptcy filing, Windstream stated, “Windstream did not arrive in Chapter 11 due to operational failures and currently does not anticipate the need to restructure material operations.”

There is a complex process under Section 1113 of the Bankruptcy Code that would govern any motion “to reject” labor contract, and to the extent it ever

becomes relevant we will report further on Section 1113.

The company ultimately negotiates a Plan of Reorganization (“POR”) with creditors and other involved parties in the bankruptcy. The POR is a legal document that provides how the company will pay creditors and how it will be governed following emergence from bankruptcy.

**Question. How is the POR approved?**

**Answer.** The company’s management has the exclusive right to file a POR for the first 120 days after filing the petition, although the bankruptcy court may shorten or extend that “exclusive” time period.

Before a POR may take effect, it must be approved by the bankruptcy court and gain the required positive vote of various classes of creditors.

**Question. How is a company financed under Chapter 11?**

**Answer.** A debtor often seeks new financing, called DIP Financing, to pay for the operating needs of the company, or for the use of cash collateral, which is cash that serves as collateral for current loans. In a statement issued in conjunction with the bankruptcy filing, Windstream stated that it has received a commitment from Citigroup Global Markets for \$1 billion in DIP Financing, and that following “approval from the Court, this financing, combined with access to the cash generated by the Company’s ongoing operations, will be available to meet Windstream’s operational needs and continue operating its business as usual.”

**Question. What is the role of the bankruptcy judge?**

**Answer.** The judge oversees the bankruptcy legal process and must review the debtor’s “non-ordinary course” decisions, which includes any requests for confirming a POR, rejecting contracts, or selling substantial assets. The judge is required to follow and implement the bankruptcy law. *Bankruptcy Judges do not manage or administer the business of the Company in bankruptcy. They only interpret the bankruptcy law in relation to the motions brought before them.*

**Question. Who is the judge assigned to the new *Windstream* bankruptcy?**

**Answer.** The bankruptcy judge assigned to the *Windstream* cases is Bankruptcy Judge Robert Drain, who sits in White Plains. Judge Drain has extensive experience in large Chapter 11 cases, including those involving labor unions.

**Question. Who else is involved in a company’s bankruptcy filing?**

**Answer.** The unsecured creditors (creditors who are owed money but do not have a lien or mortgage on the Company’s property to secure the debt) usually have a formal role in a Chapter 11 bankruptcy. An official body called the Unsecured Creditors’ Committee, usually consisting of the seven largest unsecured creditors, is

appointed by the United States Trustee, a government official, to represent the interests of unsecured creditors.

Each committee member receives one vote. This committee can hire lawyers and accountants or investment bankers to monitor the company's actions.

While any party can appear on any matter before the bankruptcy court, the court tends to pay special attention to the views of the committee.

CWA intends to seek a seat on the creditors committee, which we expect to be appointed at a meeting to be scheduled in the near future.

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CWA and its professionals will be monitoring all of these motions and procedures and appearing in court.