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BANKRUPTCY BLUES

OK, Tribune has filed for bankruptcy, and we're still here. What does it mean? We don't know all the answers, and won't know some of them for months – or even years.

But today, Tribune lawyers are expected to be in bankruptcy court in Delaware. Tribune wants to -- among other things -- discontinue severance payments and limit to three months the company's obligation to make future health insurance payments to people under 55 who have recently left. The Guild will have a lawyer at the hearing and will do everything possible to protect the interests of Guild represented employees.

Here are some other things we know:

- Bankruptcy doesn't mean shutting down. There are basically two types of bankruptcy: liquidation (chapter 7 - closing the company and selling the assets) and reorganization (chapter 11 - company gets a time-out from some of its obligations while it tries to reorganize and/or refinance itself). Tribune has filed under Chapter 11. Many companies – such as United Airlines and Chiquita Brands – go through a reorganization lasting months or years, then emerge from the bankruptcy process.
- If a company is reorganizing under chapter 11, it continues to pay its employees and vendors. Its operations are overseen by a bankruptcy court, and there is a committee of creditors (entities owed money by Tribune) that gets to express its opinions to the judge.
- A company cannot unilaterally reject labor contracts (or other contracts, such as its agreement to buy ink) when it files for bankruptcy. If it believes there's a good case for cancelling contracts, it can make that case to the judge, but it must first make a proposal to the union seeking to modify the existing labor contract, and must meet at reasonable times with the union to discuss that proposal. If the union rejects such a proposal, the employer can then petition the court to reject the labor contract, in which case unions (and others who have contracts with Tribune) can make their arguments, too.
- As long as the labor contract is in effect, wages, benefits and other provisions (such as layoff procedures) which come due must still follow the terms of the contract.
- The Guild will review any proposed changes with the membership.
- Even if a labor contract is cancelled with the approval of the court in a bankruptcy, the union continues to have bargaining rights, so the company is required to negotiate with that union.
- Although pensions and related benefits can sometimes be changed in a bankruptcy, it isn't automatic, and the company can't change them unilaterally. Again, the company has to make the case to the judge, and other interested parties can make their own arguments. Even if the court has granted the employer's request to modify a retiree benefit plan, the representatives of the retirees can later petition the court to increase benefits paid under that plan. 401(k) money is kept in a separate fund and should not be touched by Tribune.
- The Guild – and other unions – will continue to represent the interests of their members if there is a bankruptcy process.
- The bankruptcy does not mean necessarily Tribune will sell off parts of itself. But the Guild has been working with local investors who are interested in buying The Sun, and it will continue to do so. Our goal is to get owners who are committed serving the community, the readers and the advertisers with quality products and services.

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