

# Verizon West Employee FAQs

## General

**Q Why does this transaction make sense for VZ?**

A This transaction fits well with Verizon's ongoing effort to create shareholder value and to transform our growth profile and asset base to invest in our network to deliver new products and services. Our continued focus on reshaping the company's asset base will help us to drive higher growth over time and value for shareholders.

**Q Which Verizon companies are included in the transaction?**

A The transaction includes Verizon California Inc., Verizon Florida LLC, and Verizon Southwest Incorporated.

This transaction will have no impact on the service offerings or the service contracts of Verizon Wireless customers.

The majority of Verizon Enterprise Solutions (VES) customers will not be affected by the transaction. However, VES does have customers in California, Florida and Texas and is currently reviewing the impact, if any, the transaction has on VES customers. If an account rep has an urgent issue or question related to their specific account, please contact Steve Kowitz.

**Q When will Frontier assume responsibility for the operations?**

A Frontier will assume responsibility for the operations once all regulatory approvals and legal conditions have been satisfied and the sale is closed – we expect that to happen in the first half of 2016.

**Q Our office provides national services (including West work). How will the transaction affect us?**

A Decisions about the location of offices in Verizon West that provide national services will be made and announced in the coming months.

**Q Can Verizon employees contact their counterparts at Frontier?**

A No. Until the transaction is complete, contact with Frontier at any level in the organization must be approved in advance by the Corporate Development Group.

## Employees

**Q Which employees will be transferred to Frontier?**

A Approximately 11,000 employees will be affected. The majority of such employees, including management and associates, work for one of the three business entities being sold: Verizon California Inc., Verizon Florida LLC, and Verizon Southwest Incorporated. In addition, those employees whose jobs primarily support wireline operations in California, Florida and Texas, including employees in Missouri who support Verizon California Inc. and some management staff employees, will generally be included in the transaction. This group of employees work in VZ's Shared Service organizations who support both national and Verizon West services may be assigned as a transferred employee based on the needs of the businesses, and work will be realigned as needed. The assessment of these employees will take place over the coming months and notification will occur when the review is complete.

**Q How will I know whether my job is affected?**

A Those employees working directly for one of the three states being sold will be notified within the coming weeks. Support staff supporting the West properties will be notified as soon as possible as we work through the post-sale resource requirements for the new West region.

**Q With this announcement, some employees may voluntarily leave the business. Will we be able to replace them in order to attend to customer needs?**

A Yes. In accordance with Verizon's customary hiring policies, Verizon is generally obligated to manage the business in the ordinary course. This will include making workforce decisions that include hiring new employees to manage attrition, as well as workforce realignment planning. .

**Q What are the plans for those employees who sit in a building that is predominately staffed by employees going to Frontier? Will they have to relocate?**

A We will communicate plans for retained employees as soon as possible. Verizon has begun the Verizon West Region business realignment planning process, which is expected to take place over the next several months. As part of this process, we are assessing real estate requirements and resources and we will develop an appropriate plan for retained business groups.

**Q Will my building be included in the West transaction?**

A Technical facilities and administrative offices owned by one of the three ILEC entities that support the wireline operations in California, Florida and Texas are included in the assets that Frontier will be acquiring. In some shared space locations, lease arrangements have been made where Frontier will lease space from Verizon and vice-versa to avoid impact to the ongoing day-to-day operation of the network and our ability to serve customers.

**Q Can Verizon provide a general timeframe in which employees in centers responsible for national work volumes will be informed what will happen to their work and jobs?**

A Verizon has already begun the work associated with planning the business realignment. While there is not a specific timeframe to communicate the results, we believe that the initial analysis should be completed within the next several months.

**Q How will employees transferring to Frontier be kept informed as the deal progresses?**

A An [Employee Resource Page](#) has been launched to provide information to employees who are transitioning to Frontier. This page will be updated on a regular basis.

**Q Will employees be asked to re-apply for their jobs?**

Upon the close of the transaction, employees identified to transfer to Frontier will automatically become an employee of Frontier, without any interruption or cessation of employment or break-in-service. Verizon is not aware of any plans by Frontier to require employees to re-apply for their jobs following the closing, but Verizon cannot speak for Frontier. Frontier will address questions such as this at a later point.

**Q Will Verizon offer an early retirement option before the movement to Frontier?**

Verizon has no plans for any such option, and the chances of such an option are highly unlikely.

**Unions**

**Q Has Frontier agreed to honor the existing collective bargaining agreements?**

A Yes.

## **Compensation & Benefits**

**Q What will happen to my compensation?**

A Associates' compensation will continue to be handled in accordance with their respective collective bargaining agreements. Frontier has agreed to provide management and hourly non-union represented employees, for no less than one year following the closing, at least the same rate of base salary, as well as annual bonus opportunities at the same target level.

**Q What will happen to my benefits?**

A Consistent with the last transaction with Frontier, Associates' benefits will continue to be handled in accordance with their respective collective bargaining agreements. In addition, Frontier has agreed to provide management and hourly non-union employees, for no less than one year following the closing, with benefits that are substantially comparable in the aggregate to (a) the benefits that were being provided by Verizon to such employees prior to closing or (b) to the benefits Frontier provides to its similarly situated employees. Frontier will provide detailed benefits information about management and hourly non-union employees prior to the closing

**Q How will 2015 Short-Term Incentive (STI) awards be handled?**

A If the Frontier deal closes after the date that the 2015 Verizon STI is paid to employees generally, eligible Verizon employees would receive the 2015 Verizon STI payable from Verizon. If the Frontier deal closes before the date the 2015 Verizon STI is due and payable to employees generally, Frontier has agreed to pay the associated 2015 STI to eligible employees transferring to Frontier, in accordance with the terms of the Verizon STI plan.

**Q Will employees who transfer to Frontier receive credit from Frontier for their time of service with Verizon?**

A Yes, service with Verizon will be recognized for all employees being transferred.

**Q Will my accrued, but unused, vacation balance transition to Frontier?**

A Frontier will credit each employee with the amount of accrued but unused vacation time, and other time-off benefits that the employee had at Verizon as of the closing.

**Q What are Frontier commissions/quota transitions, for sales teams (management and associated levels, monthly quota/commissions etc.)?**

A For no less than one year following closing, Frontier has agreed to maintain each Verizon Sales Commission Program; provided, however, that Frontier shall have the right to amend each such Sales Commission Program as necessary to reflect the changes resulting from the transaction, including, without limitation, changes to the performance metrics under such plans and programs to use Frontier performance metrics similar to the metrics used for other similarly situated Frontier Employees. As noted elsewhere, Frontier has committed to assume the collective bargaining agreements for represented employees.

**Q What are Frontier's STI and LTI plans?**

A Frontier has agreed to provide management and hourly non-union represented employees, for no less than one year following the closing, at least the same rate of base salary, as well as annual bonus opportunities at the same target level.

In addition, for no less than one year following the closing Frontier has agreed to provide management Director-level and above employees with long-term incentives to the same extent and on the same basis that Frontier provides to its similarly situated employees.

Frontier will provide information about benefits and compensation programs prior to the closing.

**Q \*During 2016 Annual Enrollment, will affected employees have the opportunity to enroll in Verizon Benefits? At close, will we need to re-enroll in Frontier's benefits or will our benefit elections carry over?**

A Affected employees will remain on Verizon benefits until the transaction closes. As such, during 2016 Annual Enrollment (which is scheduled to occur in Q4 2015), affected employees will have the opportunity to enroll in Verizon benefits.

At or around the time the transaction closes, affected non-represented employees will have the opportunity to enroll in Frontier's benefit plans, to be effective after the transaction closes.

Since Associates' benefits will continue to be handled in accordance with their collective bargaining agreements, reenrollment issues are still being reviewed for Associates. Additional information will be shared once it becomes available.

## **Pension**

**Q How will pension benefits be handled?**

A For associates and management employees who continue employment with Frontier after the closing, pension benefits will be transferred from the applicable Verizon pension plans to new plans at Frontier that are identical in all material aspects to the corresponding Verizon Plans. (There are a few employees with pensions under the Verizon Wireless pension plan and the Western Union (WIDS) pension plan. Those pensions will remain with the Verizon plans and be available to employees under the terms of those plans.)

**Q Can we take a lump sum pension from our Verizon pension plan at closing and then continue to work for Frontier?**

A No. The agreement provides for a transfer of pension benefits from the Verizon pension plans to new pension plans that will be maintained by Frontier post-closing. If you retire from Verizon pre-closing, the Verizon pension plan will be responsible for your pension benefit, and the liability for that benefit will not be transferred to a Frontier pension plan. However, if you voluntarily leave Verizon prior to closing, Frontier is restricted from hiring you (directly or indirectly as a contractor) for six months. When the six-month period has expired, Frontier may hire you, but it would not be obligated to do so.

**Q Will Frontier continue to provide a lump-sum pension option for at least one year after the close for the employees who transfer?**

A. Frontier has committed to replicate the Verizon pension plan provisions, including the lump sum provisions. The Verizon pension plans provide that the ability to elect a lump sum distribution must be restricted if the pension plan is less than 80% funded. This provision is required by the pension laws. The Frontier successor plans will have the same provision. The Verizon pension plans are not currently subject to restrictions on lump sum distributions. Based on the terms of the transaction with Frontier, which include substantial pension funding for the successor Frontier pension plans and substantial commitments by Frontier, we think it would be highly unlikely that the Frontier pension plans would be subject to funding based restrictions on lump sum distributions during the one-year period following the closing. We cannot provide a guarantee here, but we think you should be substantially confident that a lump sum pension distribution would be available under the Frontier pension plans during the year following closing. As we progress towards closing, Frontier will provide information on and answer questions about their benefits, including pension benefits.

**Q Is there a legal requirement for Verizon to notify employees if the lump sum provision were to be suspended due to funding deficiencies? If so, how much in advance must Verizon notify employees?**

A We don't anticipate any funding based restrictions on lump sums this year or next year under the Verizon pension plans. We cannot guarantee this will be the case, but we think it highly unlikely that there would be any such restrictions under the Verizon plans. If there were funding based restrictions

on lump sum distributions under the Verizon plans, the law requires that participants be notified within 30 days after such restrictions apply. Participants would be notified in writing within 30 days following such restrictions.

**Q Will the Highest Average Pay (HAP) pension formula remain intact after closing? Will our pension benefits be based on Cash Balance (management plan) or Highest Average Pay? Can Frontier change the formulas used to calculate existing pension benefits?**

A If you are eligible for HAP now, you will remain eligible for HAP after the transaction closes. There will be no change to the formulas that apply to particular employees. The pension formula for existing benefits cannot be changed retroactively by Frontier.

**Q I am a management employee. Will Frontier allow me to grow into the “Rule of 75” when the pension assets are transferred?**

A Following the closing, Frontier has agreed to maintain a pension plan for management employees that mirror the current Verizon plan, including the “Rule of 75” provisions.

**Q Will we get a statement at the time of closing about the current value of our pension?**

A You can obtain an estimate of the value of your pension benefit through the Xerox BenefitsConnection website at [www.verizon.com/benefitsconnection](http://www.verizon.com/benefitsconnection). This website allows you to estimate pension benefits and review your retiree healthcare options, if applicable.

### **Retiree Benefits**

**Q What happens to Verizon retiree medical and life insurance benefits?**

A Verizon will continue to provide retiree benefits to pre-closing retirees of Verizon, subject to and in accordance with applicable plan terms, including Verizon’s rights to make changes to or eliminate such benefits. Verizon will not provide retiree benefits and life insurance benefits to employees who continue to work for Frontier after the closing. After the closing, retiree benefits for employees who continue employment with Frontier will be the responsibility of Frontier.

**Q If I qualify for retiree healthcare benefits at Verizon, and if I were to retire before the transaction closes, will Frontier be responsible for my retiree healthcare benefits?**

A No. If you retire prior to the closing, responsibility for your retiree benefits will remain with Verizon. That responsibility will not be transferred to Frontier. However, please note that if you retire from Verizon prior to the transaction closing date you will not be eligible to then go to work for Frontier for at least a six month period after your retirement. Any hiring decisions after that six month separation period will be at the discretion of Frontier.

**Q What will Frontier provide in terms of retiree medical benefits for management employees who retire following closing?**

A Employees will participate in the plans that Frontier provides to similarly situated Frontier employees. Frontier will provide detailed information regarding their benefit plans in advance of the closing. Frontier will also provide summary plan descriptions and other benefit information prior to closing. Frontier has agreed to provide certain former GTE employees who were retirement eligible or within 5 years of such eligibility as of May 18, 1999, with the retiree medical benefits in effect at that time in 1999, but subject to Frontier’s right to make certain changes to such benefits, as set forth in the plan at that time. Further details about this limited 1999 provision are set forth in the applicable Verizon retiree healthcare Summary Plan Descriptions (SPDs).

**Q What will Frontier provide in terms of retiree medical benefits for represented employees who retire following closing and can Frontier make changes to such benefits?**

A Frontier has agreed to honor the collective bargaining agreements and the existing retiree medical benefits obligations for represented employees. Frontier will have the same right to make changes to retiree healthcare that applies to Verizon. Verizon has the right to make changes to such benefits, subject to any applicable collective bargaining agreement, and subject to restrictions on changes that

apply to certain former GTE employees who were retirement eligible or within 5 years of such eligibility as of May 18, 1999. Further details about this restriction are set forth in the applicable Verizon retiree healthcare Summary Plan Descriptions (SPDs).

**Q Will associate, hourly non-bargained, and management employees who wish to retire from Verizon prior to the closing be given advance notice of the closing date?**

A As major milestones such as state regulatory approvals occur, we will share that information with employees. Employees may voluntarily elect to retire prior to the closing. (Please see other Q&A regarding the hiring restrictions on Frontier for those who voluntarily leave Verizon.)

Alternatively, employees may continue with Frontier following the closing and elect to retire from Frontier at a later date. As noted in other Q&As, Frontier will honor the existing collective bargaining agreements, and Frontier will advise prior to closing what they will offer to hourly non-bargained and management employees who retire post-closing.

**Q Will Verizon continue to provide retiree medical and life insurance benefits?**

A Verizon will continue to provide retiree welfare benefits to pre-closing retirees according to applicable plan terms, subject to Verizon's right to make changes or eliminate the benefits. Verizon will not provide any retiree medical and life insurance benefits to employees who continue employment with Frontier after the closing.

**Q Will individuals on short-term disability (STD) or long-term disability (LTD) prior to the closing of the transaction be transitioned to Frontier?**

A Individuals on STD at the closing will be transferred to Frontier at the closing. Individuals on LTD at the closing will not be transferred to Frontier at the closing..

**Q \*In order to retire under Verizon's benefit program, when must I retire by?**

A As stated above, Verizon will continue to provide retiree benefits to individuals who retire from Verizon prior to the close, subject to and in accordance with the applicable plan terms. As previously communicated, the close is expected to happen in the first half of 2016. You do not have to provide advance notice of your retirement from Verizon. There are some rumors circulating that employees must provide 90 day advance notice to retire from Verizon. Those rumors are not true.

**Other Benefits**

**Q How will telephone concession, wireless discounts, service awards, tuition assistance, adoption assistance, etc. be handled?**

A To the extent these subjects are already addressed by the collective bargaining agreements, Frontier will honor the collective bargaining agreements (which are different within Verizon). For management employees, Frontier will advise prior to closing what other benefits it intends to provide.

**Q What will happen to my discount on FiOS services once I transition to Frontier?**

A The Ultimate Employee Offer and the associated new 50% off Quantum TV discount remain available to active Verizon employees and retirees in FiOS-served areas within the Verizon footprint. As always with Verizon employee discounts and/or promotions, they are subject to change at any time. Once the transaction with Frontier closes, it will be up to Frontier as to whether or not the employee offer, or something similar, will continue for Frontier employees.

**Q Am I eligible for severance pay from Verizon at closing?**

A No, the closing of the transaction does not trigger severance benefits.

**Q Can Frontier eliminate my job after closing? Am I eligible for severance pay from Frontier if my job is eliminated after closing?**

A For represented employees, job terminations and severance benefits will be governed by the applicable collective bargaining agreements. For other employees, Frontier has agreed to provide severance benefits substantially comparable to the Verizon severance benefit for the 12 months following closing for any such employees involuntarily terminated other than for cause.

**Q Will tuition assistance continue for at least a year as other benefits do?**

A Frontier will provide associate tuition assistance benefits in accordance with the respective collective bargaining agreements (which are not identical within Verizon).  
Frontier will provide information pre-closing on whether there will be tuition assistance benefits for non-represented employees.

**Q Will we be able to continue to make payments on our Long-Term Care Insurance?**

A To the extent that you are enrolled in long-term care benefits as of the closing, Frontier has agreed to facilitate the payment of your premiums to your Long-Term Care Insurance provider.

**401(k) Savings Plans**

**Q What happens to my Verizon 401(k) Savings Plan? Do I need to do something?**

A Verizon will automatically transfer your 401(k) Savings Plan account and any loan balances to the new Frontier 401(k) Plan corresponding to your current plan. Before the transaction closes, further details will be provided to you to ensure a smooth transition, including how you will be able to continue making contributions, investment elections, and other decisions post-closing.

**Q Will we have the option of leaving the money we have invested in the Verizon Stock Fund within the Verizon's 401(k) Savings plan after the closing, or will we have to roll it over into another fund since we will no longer be working for Verizon?**

A Verizon will transfer assets from the Verizon 401(k) Savings plans to new 401(k) plans to be maintained by Frontier after the close. Employees at closing will not have the option to keep any of their 401(k) benefits in the Verizon 401(k) Savings plans. The transfer of benefits will include a transfer of Verizon company stock to the extent participants are invested in the Verizon company stock fund within the Verizon plans.

**Q Upon the closing, can employees who go with Frontier take their 401(k) Savings Plan monies and invest them privately or must they remain with the new 401(k) Plan?**

A Verizon and Frontier agreed to transfer Verizon 401(k) Savings plan benefits to new 401(k) Plans to be maintained by Frontier post-closing. Therefore, the transaction close will not entitle employees to elect a distribution of their 401(k) Savings Plan account. Employees may make withdrawals under their current plan's rules. Please consult your Summary Plan Description for those rules.

**Q Will Frontier provide a company match to the 401(k) Plan? What investment options will be available in the Frontier plan?**

A Details about the Frontier 401(k) plans, including investment options and employee and company contributions, will be provided by Frontier prior to the closing. For associate employees, Frontier will honor the collective bargaining agreements as they pertain to 401(k) Plan benefits.

**Q Will a statement be mailed to the employees advising them which account balances are being transferred to Frontier plans for their 401(k)?**

A If you continue employment with Frontier after the transaction closing date, Fidelity will provide you with a statement of your account within 30 days after the quarter following the asset transfer date.

**Q Will my 401(k) still contain Verizon stock or will it change to Frontier?**

A For an employee transferring to Frontier, the total value of their Verizon 401(k), including the value of any Verizon stock held in the Verizon stock fund, will transfer to Frontier. Frontier will advise at a later point the investment options that will be available in the Frontier 401(k) plans.

## **Job Movement**

**Q \*Are affected employees able to move within Verizon to another job that is not part of the transaction prior to closing?**

A Associates who support Verizon Wireline West Region Operations or are mapped to support these Operations are able to bid for other associate jobs in accordance with their collective bargaining agreements and Company practices, and may only apply for non-associate positions that support these Operations.

Non-represented employees mapped to the Verizon Wireline West Region Operations (i.e., those employees that report to the Wireline West Region and those staff employees who are aligned to this Region) may only apply for positions that support these Operations.

**Q If I voluntarily leave Verizon just prior to the closing, would Frontier be able to offer me a job immediately following closing on a full-time, part-time or contractor basis?**

A No. Frontier will be prohibited from hiring anyone who voluntarily terminated or retired from a Verizon company until at least six months after they have separated from a Verizon company. After this period hiring decisions will be within the discretion of Frontier.

**Q Can someone volunteer to be mapped to the Verizon West Region?**

A Employees' positions will be mapped to the Verizon West Region based on their job functions and the business realignment activities. Associate employees will be able to bid or apply for jobs that are aligned or mapped to the Verizon West Region in accordance with their respective collective bargaining agreements. Management employees may also apply for jobs in the Verizon West Region in the ordinary course of business. The company may apply job releasability restrictions, should it become necessary to meet the needs of the business.

## **Customer Questions**

**Q How will this impact Wholesale accounts with Verizon?**

A Customer accounts under contracts for wholesale services delivered exclusively in California, Texas or Florida will be with Frontier after the closing of the transaction. Customer accounts under contracts for wholesale services delivered in any of these three states and other states not included in this transaction will be split. Verizon will retain the portion of the wholesale contract for services outside California, Texas and Florida. The portion of the wholesale contract for services in California, Texas and Florida will be with Frontier.

**Q How will this impact Verizon Enterprise Solutions/Verizon Wireless customers/operations?**

A This transaction will have no impact on Verizon Wireless customers, who will retain existing contracts in these states.

The majority of Verizon Enterprise Solutions (VES) customers will not be affected by the transaction. However, VES does have customers in California, Florida and Texas and is currently reviewing the impact, if any, the transaction has on VES customers.

## **More Information**

**Q Where can I go to get more information?**

A A VZWeb Resource Page has been set up for the latest news and information. You can also talk to your manager or your HRBP about questions or concerns you have. You can also submit a question to the [verizon.west@one.verizon.com](mailto:verizon.west@one.verizon.com) mailbox.

**Q Where can I learn more information about Frontier?**

A Frontier is a publically-traded company, and there is information about the company available on these two websites: [www.frontier.com](http://www.frontier.com) and <http://investor.frontier.com/>.