

Section 1: 10-Q (10-Q)

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2019

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____
Commission file number: 001-11001



FRONTIER COMMUNICATIONS CORPORATION
(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

401 Merritt 7

Norwalk, Connecticut

(Address of principal executive offices)

06-0619596

(I.R.S. Employer Identification No.)

06851

(Zip Code)

Registrant's telephone number, including area code: **(203) 614-5600**

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Name of each exchange on which registered</u>	<u>Ticker Symbol</u>
Common Stock, par value \$0.25 per share	The NASDAQ Stock Market LLC	FTR

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definition of "accelerated filer," "large accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

Smaller reporting company Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

The number of shares outstanding of the registrant's Common Stock as of July 30, 2019 was 105,371,000.

FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(\$ in millions and shares in thousands, except for per-share amounts)

	<u>(Unaudited)</u> <u>June 30, 2019</u>	<u>December 31, 2018</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 267	\$ 354
Accounts receivable, less allowances of \$83 and \$105, respectively	674	723
Contract acquisition costs	102	107
Prepaid expenses	106	86
Assets held for sale	1,405	-
Income taxes and other current assets	60	60
Total current assets	2,614	1,330
Property, plant and equipment, net	12,999	14,187
Goodwill	276	6,383
Other intangibles, net	1,221	1,494
Other assets	455	265
Total assets	\$ 17,565	\$ 23,659
LIABILITIES AND EQUITY (DEFICIT)		
Current liabilities:		
Long-term debt due within one year	\$ 440	\$ 814
Accounts payable	452	495
Advanced billings	232	256
Accrued other taxes	188	182
Accrued interest	415	381
Pension and other postretirement benefits	39	39
Liabilities held for sale	134	-
Other current liabilities	400	394
Total current liabilities	2,300	2,561
Deferred income taxes	599	1,109
Pension and other postretirement benefits	1,681	1,750
Other liabilities	399	281
Long-term debt	16,357	16,358
Equity:		
Common stock, \$0.25 par value (175,000 authorized shares, 106,025 issued and 105,375 and 105,536 outstanding, at June 30, 2019 and December 31, 2018, respectively)	27	27
Additional paid-in capital	4,806	4,802
Accumulated deficit	(8,067)	(2,752)
Accumulated other comprehensive loss, net of tax	(525)	(463)
Treasury common stock	(12)	(14)
Total equity (deficit)	(3,771)	1,600
Total liabilities and equity (deficit)	\$ 17,565	\$ 23,659

The accompanying Notes are an integral part of these unaudited Consolidated Financial Statements.

PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2019 AND 2018
(\$ in millions and shares in thousands, except for per-share amounts)
(Unaudited)

<u>For the three months ended</u> <u>June 30,</u>		<u>For the six months ended</u> <u>June 30,</u>	
<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>

Revenue	\$ 2,067	\$ 2,162	\$ 4,168	\$ 4,361
Operating expenses:				
Network access expenses	318	369	656	741
Network related expenses	445	478	901	961
Selling, general and administrative expenses	445	460	901	929
Depreciation and amortization	454	486	938	991
Goodwill impairment	5,449	-	5,449	-
Loss on disposal of Northwest Operations	384	-	384	-
Restructuring costs and other charges	31	2	59	6
Total operating expenses	7,526	1,795	9,288	3,628
Operating income (loss)	(5,459)	367	(5,120)	733
Investment and other income (loss), net	(9)	5	(18)	13
Pension settlement costs	-	25	-	25
Gain (loss) on extinguishment of debt	-	-	(20)	33
Interest expense	383	385	762	759
Loss before income taxes	(5,851)	(38)	(5,920)	(5)
Income tax benefit	(534)	(20)	(516)	(7)
Net income (loss)	(5,317)	(18)	(5,404)	2
Less: Dividends on preferred stock	-	54	-	107
Net loss attributable to				
Frontier common shareholders	\$ (5,317)	\$ (72)	\$ (5,404)	\$ (105)
Basic and diluted net loss per share				
attributable to Frontier common shareholders	\$ (51.07)	\$ (0.92)	\$ (51.97)	\$ (1.35)
Total weighted average shares outstanding				
- basic and diluted	104,118	78,026	103,987	77,685

The accompanying Notes are an integral part of these unaudited Consolidated Financial Statements.

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PART I. FINANCIAL INFORMATION (Continued)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2019 AND 2018
(\$ in millions)
(Unaudited)

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2019	2018	2019	2018
Net income (loss)	\$ (5,317)	\$ (18)	\$ (5,404)	\$ 2
Other comprehensive income, net of tax	9	71	17	70
Comprehensive income (loss)	<u>\$ (5,308)</u>	<u>\$ 53</u>	<u>\$ (5,387)</u>	<u>\$ 72</u>

The accompanying Notes are an integral part of these unaudited Consolidated Financial Statements.

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PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY (DEFICIT)
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2019 AND 2018
(\$ in millions and shares in thousands)
(Unaudited)

For the six months ended June 30, 2019											
Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Treasury Common Stock		Total Equity (Deficit)		
Shares	Amount	Shares	Amount				Shares	Amount			
-	\$ -	106,025	\$ 27	\$ 4,802	\$ (2,752)	\$ (463)	(489)	\$ (14)	\$ 1,600		
-	-	-	-	-	11	-	-	-	11		

Balance at January 1, 2019
ASC 842 transition
adjustment

Impact of adoption of ASU 2018-02	-	-	-	-	-	79	(79)	-	-	-
Stock plans	-	-	-	-	3	-	-	(229)	-	3
Net loss	-	-	-	-	-	(87)	-	-	-	(87)
Other comprehensive income, net of tax	-	-	-	-	-	-	8	-	-	8
Balance at March 31, 2019	-	-	106,025	27	4,805	(2,749)	(534)	(718)	(14)	1,535
Stock plans	-	-	-	-	1	-	-	68	2	3
Net loss	-	-	-	-	-	(5,317)	-	-	-	(5,317)
Other comprehensive income, net of tax	-	-	-	-	-	-	9	-	-	9
Balance at June 30, 2019	-	-	106,025	27	4,806	(8,067)	(525)	(650)	(12)	(3,771)

For the six months ended June 30, 2018

	Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Treasury Common Stock		Total Equity
	Shares	Amount	Shares	Amount				Shares	Amount	
Balance at January 1, 2018	19,250	\$ -	79,532	\$ 20	\$ 5,034	\$ (2,263)	\$ (366)	(1,091)	\$ (151)	\$ 2,274
Impact of adoption of ASC 606	-	-	-	-	-	154	-	-	-	154
Stock plans	-	-	835	-	(134)	-	-	975	136	2
Dividends on preferred stock (\$5.56 per share)	-	-	-	-	(53)	-	-	-	-	(53)
Net income	-	-	-	-	-	20	-	-	-	20
Other comprehensive income, net of tax	-	-	-	-	-	-	(1)	-	-	(1)
Balance at March 31, 2018	19,250	-	80,367	20	4,847	(2,089)	(367)	(116)	(15)	2,396
Conversion of preferred stock	(19,250)	-	25,529	7	(7)	-	-	-	-	-
Stock plans	-	-	129	-	2	-	-	(99)	4	6
Dividends on preferred stock (\$5.56 per share)	-	-	-	-	(54)	-	-	-	-	(54)
Net loss	-	-	-	-	-	(18)	-	-	-	(18)
Other comprehensive income, net of tax	-	-	-	-	-	-	71	-	-	71
Balance at June 30, 2018	-	-	106,025	27	4,788	(2,107)	(296)	(215)	(11)	2,401

The accompanying Notes are an integral part of these unaudited Consolidated Financial Statements.

PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2019 AND 2018
(\$ in millions)
(Unaudited)

	For the six months ended June 30,	
	2019	2018
Cash flows provided from (used by) operating activities:		
Net income (loss)	\$ (5,404)	\$ 2
Adjustments to reconcile net income (loss) to net cash provided from (used by) operating activities:		
Depreciation and amortization	938	991
Loss (gain) on extinguishment of debt	20	(33)
Pension settlement costs	-	25
Stock-based compensation expense	7	9
Amortization of deferred financing costs	15	17
Other adjustments	1	(20)
Deferred income taxes	(519)	(9)
Goodwill impairment	5,449	-
Loss on disposal of Northwest Operations	384	-
Change in accounts receivable	(1)	37
Change in accounts payable and other liabilities	(14)	(72)
Change in prepaid expenses, income taxes and other assets	(19)	(24)
Net cash provided from operating activities	857	923
Cash flows provided from (used by) investing activities:		
Capital expenditures	(580)	(618)
Proceeds on sale of assets	74	11
Other	1	(10)
Net cash used by investing activities	(505)	(617)
Cash flows provided from (used by) financing activities:		
Long-term debt payments	(1,999)	(1,714)
Proceeds from long-term debt borrowings	1,650	1,600
Proceeds from revolving debt	450	-
Repayment of revolving debt	(475)	-
Financing costs paid	(44)	(39)
Premium paid to retire debt	-	(17)

Dividends paid on preferred stock	-	(53)
Finance lease obligation payments	(17)	(17)
Other	(4)	(8)
Net cash used by financing activities	(439)	(248)
Increase (Decrease) in cash, cash equivalents, and restricted cash	(87)	58
Cash, cash equivalents, and restricted cash at January 1,	404	376
Cash, cash equivalents, and restricted cash at June 30,	<u>\$ 317</u>	<u>\$ 434</u>
Supplemental cash flow information:		
Cash paid (received) during the period for:		
Interest	\$ 712	\$ 716
Income tax payments (refunds), net	\$ 5	\$ 5

The accompanying Notes are an integral part of these unaudited Consolidated Financial Statements.

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PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

(1) Summary of Significant Accounting Policies:

a) Basis of Presentation and Use of Estimates:

Frontier Communications Corporation and its subsidiaries are referred to as “we,” “us,” “our,” “Frontier,” or the “Company” in this report. Our interim unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and should be read in conjunction with the consolidated financial statements and notes included in our Annual Report on Form 10-K for the year ended December 31, 2018. Certain reclassifications of amounts previously reported have been made to conform to the current presentation. All significant intercompany balances and transactions have been eliminated in consolidation. These interim unaudited consolidated financial statements include all adjustments (consisting of normal recurring accruals) considered necessary, in the opinion of Frontier’s management, to present fairly the results for the interim periods shown. Revenues, net loss and cash flows for any interim periods are not necessarily indicative of results that may be expected for the full year. For our interim financial statements as of and for the period ended June 30, 2019, we evaluated subsequent events and transactions for potential recognition or disclosure through the date that we filed this Form 10-Q with the Securities and Exchange Commission (SEC).

The preparation of our interim financial statements in conformity with GAAP requires management to make estimates and assumptions that affect (i) the reported amounts of assets and liabilities at the date of the financial statements, (ii) the disclosure of contingent assets and liabilities, and (iii) the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates. Estimates and judgments are used when accounting for the allowance for doubtful accounts, asset impairments, indefinite-lived intangibles, depreciation and amortization, income taxes, and pension and other postretirement benefits, among others.

We operate in one reportable segment. Frontier provides both regulated and unregulated voice, data and video services to consumer, commercial and wholesale customers and is typically the incumbent voice services provider in its service areas.

b) Accounting Changes:

Except for the adoption of the new lease accounting standard and required reclassification of certain tax effects related to the Tax Cuts and Jobs Act, Frontier has consistently applied the accounting policies to all periods presented in these unaudited consolidated financial statements. Refer to Notes 2, 11, and 16 for additional discussion.

c) Revenue Recognition:

Revenue for data & Internet services, voice services, video services and, Switched and non-switched access services is recognized as the service is provided. Services that are billed in advance include monthly recurring network access services (including data services), special access services, and monthly recurring voice, video, and related charges. The unearned portion of these fees is initially deferred as a component of “Advanced billings” on our consolidated balance sheet and recognized as revenue over the period that the services are provided. Services that are billed in arrears include non-recurring network access services (including data services), switched access services, and non-recurring voice and video services. The earned but unbilled portion of these fees is recognized as revenue in our consolidated statements of operations and accrued in “Accounts receivable” on our consolidated balance sheet in the period that services are provided. Excise taxes are recognized as a liability when billed.

Satisfaction of Performance Obligations

Frontier satisfies its obligations to customers by transferring goods and services in exchange for consideration received from the customer. The timing of Frontier’s satisfaction of the performance obligation often differs from the timing of the customer’s payment, which results in the recognition of a contract asset or a contract liability. Frontier recognizes a contract asset or liability when the Company transfers goods or services to a customer and bills an amount which differs from the revenue allocated to the related performance obligations.

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PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Bundled Service and Allocation of Discounts

When customers purchase more than one service, the revenue allocable to each service is determined based upon the relative stand-alone selling price of each service received. We frequently offer service discounts as an incentive to customers. Service

discounts reduce the total transaction price allocated to the performance obligations that are satisfied over the term of the customer contract. We may also offer incentives which are considered cash equivalents (e.g. Visa gift cards) that similarly result in a reduction of the total transaction price as well as lower revenue over the term of the contract. A contract asset is often created during the beginning of the contract term when the term of the incentive is shorter than the contract term. These contract assets are realized over the term of the contract as our performance obligations are satisfied and customer consideration is received.

Customer Incentives

In the process of acquiring and/or retaining customers, we may issue a variety of other incentives aside from service discounts or cash equivalent incentives. Those incentives that have stand-alone value (e.g. gift cards not considered cash equivalents or free goods/services) are considered a separate performance obligation. As a result, while these incentives are free to the customer, a portion of the consideration received from the customer over the contract term is ascribed to them based upon their relative stand-alone selling price. The revenue, reflected in "Other" revenue, and costs, reflected in "Network access expenses", for these incentives are recognized when they are delivered to the customer and the performance obligation is satisfied. Similar to discounts, these types of incentives generally result in the creation of a contract asset during the beginning of the contract term which is recorded in Other current assets and Other assets on our consolidated balance sheet.

Upfront Fees

All non-refundable upfront fees provide our customers with a material right to renew, and therefore, are deferred and amortized into revenue over the expected period for which related services are provided. With upfront fees assessed at the beginning of a contract, a contract liability is often created, which is reduced over the term of the contract as the performance obligations are satisfied. The contract liabilities are recorded in Other current liabilities and Other liabilities on our consolidated balance sheet.

Contributions in Aid of Construction (CIAC)

It is customary for us to charge customers for certain construction activities. These activities are requested by the customer and construction charges are assessed at the beginning of a contract. When charges are accrued, a contract liability is often created, which is reduced over the term of the contract as performance obligations are satisfied. The contract liabilities are recorded in Other current liabilities and Other liabilities on our consolidated balance sheet.

Contract Acquisition Costs

Certain costs to acquire customers are deferred and amortized over the expected customer life (average of 4.0 years). For Frontier, this includes certain commissions paid to acquire new customers. Commissions attributable to new customer contracts are deferred and amortized into expense. Unamortized deferred commissions are recorded in Contract acquisition costs and Other assets on our consolidated balance sheet.

Surcharges and Subsidies

Frontier collects various taxes from its customers and subsequently remits these taxes to governmental authorities. Substantially all of these taxes are recorded through the consolidated balance sheet and presented on a net basis in our consolidated statements of operations. We also collect Universal Service Fund (USF) surcharges from customers (primarily federal USF), which amounted to \$49 million and \$53 million, and \$102 million and \$110 million for the three and six months ended June 30, 2019 and 2018, respectively, and video franchise fees, which amounted to \$11 million and \$12 million, and \$21 million and \$24 million for the three and six months ended June 30, 2019 and 2018, respectively, that we have recorded

PART I. FINANCIAL INFORMATION (Continued) **FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES** **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)**

on a gross basis in our consolidated statements of operations and included within "Revenue" and "Network related expenses".

In June 2015, Frontier accepted the Federal Communications Commission's (FCC) offer of support to price cap carriers under the Connect America Fund (CAF) Phase II program, which is intended to provide long-term support for broadband in high cost unserved or underserved areas. We are recognizing FCC's Connect America Fund (CAF) Phase II subsidies into revenue on a straight-line basis over the six year funding term.

d) Cash Equivalents:

We consider all highly liquid investments with an original maturity of three months or less to be cash equivalents. Restricted cash of \$50 million is included within "Income taxes and other current assets" on our consolidated balance sheet as of June 30, 2019 and December 31, 2018. This amount represents funds held as collateral by a bank against letters of credit issued predominately to insurance carriers.

e) Goodwill and Other Intangibles:

Goodwill represents the excess of purchase price over the fair value of identifiable tangible and intangible net assets acquired in a business combination. We undertake studies to determine the fair values of assets and liabilities acquired and allocate purchase prices to assets and liabilities, including property, plant and equipment, and other identifiable intangibles with the residual recorded as goodwill. We evaluate the carrying value of our goodwill and indefinite-lived trade name annually as of December 31, or more frequently as circumstances warrant, to determine whether there are any impairment losses. We test for goodwill impairment at the "operating segment" (reporting unit) level, as that term is defined in GAAP.

We determined that we have one operating segment (reporting unit) based on a number of factors that our management uses to evaluate and run our business operations, including similarities of customers, products and technology. The decline in our stock price and the deterioration in the outlook of our business during the second quarter of 2019 were each triggering events that required an impairment assessment as of June 30, 2019. Refer to Note 6 for a discussion of our goodwill impairment testing and results as of June 30, 2019.

Frontier amortizes finite-lived intangible assets, which include acquired customer lists and royalty agreements, over their estimated useful lives on the accelerated method of sum of the years digits.

f) Lease Accounting:

We determine if an arrangement contains a lease at inception. Right-of-use ("ROU") assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating and Finance lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of our leases do not provide an implicit rate, we use our incremental borrowing rate based on the

information available at commencement date in determining the present value of lease payments. The operating and finance lease ROU asset also includes any lease payments made and excludes lease incentives. Our lease terms used in accounting for leases may reflect options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for operating leases is recognized on a straight-line basis over the lease term. ROU assets for operating leases are recorded to "Other Assets", and the related liabilities recorded to "Other current liabilities", and "Other liabilities" on our consolidated balance sheets. Assets subject to finance leases are included in "Property, Plant & Equipment", with corresponding liabilities recorded to "Other current liabilities", and "Other liabilities" on our consolidated balance sheets.

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PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Assets Held for Sale:

We classify assets and related liabilities as held for sale when the following criteria are met: when management has committed to a plan to sell the asset, the asset is available for immediate sale, there is an active program to locate a buyer and the sale and transfer of the asset is probable within one year. Assets and liabilities are presented separately on the Consolidated Balance Sheets at the lower of their carrying amounts or fair value, less costs to sell. Depreciation and amortization are not recorded while assets are classified as held for sale. Assets held for sale are tested for recoverability each period that they are classified as held for sale. The amounts and information in the footnotes as they are presented do not include assets and liabilities that have been reclassified as held for sale as of June 30, 2019. Refer to Note 7.

(2) Recent Accounting Literature:

Recently Adopted Accounting Pronouncements

Leases

In February 2016, the FASB issued ASU No. 2016 – 02, "Leases (Topic 842)." This standard, along with its related amendments, establishes the principles to report transparent and economically neutral information about the assets and liabilities that arise from leases. Upon implementation, lessees recognize almost all leases on their balance sheet as a right-of-use asset and a lease liability. For income statement purposes, the FASB retained a dual model, requiring leases to be classified as either operating or finance. Classification is based on criteria that are largely similar to those applied in current lease accounting, but without explicit bright lines. Lessor accounting is similar to the current model but updated to align with certain changes to the lessee model and the new revenue recognition standard. Existing sale-leaseback guidance, including guidance for real estate, is replaced with a new model applicable to both lessees and lessors.

Frontier adopted the new lease standard during the first quarter of 2019 using the additional transition method provided by ASU 2018 – 11, "Targeted Improvements." Under this method, Frontier applied the requirements of the new leases standard as of January 1, 2019 and recognized a cumulative-effect adjustment of \$15 million (\$11 million net of tax) to accumulated deficit. Consequently, Frontier's reporting for comparative periods will continue to be in accordance with Topic 840. Refer to Note 11 for additional lease disclosures.

Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income

In February 2018, the FASB issued ASU 2018-02, which allows for the reclassification of certain income tax effects related to the Tax Cuts and Jobs Act (the "Tax Act") between "Accumulated other comprehensive income" and "Retained earnings." This ASU relates to the requirement that adjustments to deferred tax liabilities and assets related to a change in tax laws or rates to be included in "Income from continuing operations," even in situations where the related items were originally recognized in "Other comprehensive income." Frontier adopted this standard as of January 1, 2019 by recording a decrease to accumulated deficit of \$79 million, with a corresponding increase to Accumulated other comprehensive loss on the consolidated balance sheet and the consolidated statement of equity (deficit).

Improvements to Nonemployee Share-Based Payment Accounting

In June 2018, the FASB issued Accounting Standards Update ("ASU") No. 2018-07, "Compensation — Stock Compensation (ASC 718), Improvements to Nonemployee Share-Based Payment Accounting," which aligns the measurement and classification guidance for share-based payments to nonemployees with that for employees, with certain exceptions. Frontier adopted this standard update as of January 1, 2019, and records such awards at their grant date fair value, and the related liability is no longer remeasured in each period. The impact to our consolidated financial statements was not material.

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PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Recent Accounting Pronouncements Not Yet Adopted

Financial Instrument Credit Losses

In June 2016, the FASB issued ASU 2016-13, "Financial Instruments – Credit Losses", which amends the current financial statement impairment model requiring entities to use a forward-looking approach based on expected losses to estimate credit losses on certain types of financial instruments, including trade receivables. ASU 2016-13 is effective for fiscal years beginning after December 15, 2019, with early adoption permitted. Frontier is currently evaluating the impact of adoption of this standard on our consolidated financial statements.

Changes to the Disclosure Requirements for Fair Value Measurement

In August 2018, the FASB issued ASU 2018-13, "Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement," which adds, removes, and modifies certain disclosures required by ASC 820.

ASU 2018-13 is effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. Early adoption is permitted. Frontier is currently evaluating the impact of the adoption of this standard on our disclosures.

Changes to the Disclosure Requirements for Defined Benefit Plans

In August 2018, the FASB issued ASU 2018-14, "Compensation-Retirement Benefits-Defined Benefit Plans-General: Disclosure Framework-Changes to the Disclosure Requirements for Defined Benefit Plans." This standard eliminates requirements for certain disclosures that are not considered cost beneficial, clarifies certain required disclosures and adds additional disclosures under defined benefit pension plans and other postretirement plans. We are required to adopt this guidance beginning January 1, 2021. Early adoption is permitted. The amendments in the standard would need to be applied on a retrospective basis. Frontier is currently evaluating the impact of the adoption of this standard on our disclosures.

(3) Revenue Recognition:

We categorize our products, services and other revenues into the following categories:

Data and Internet services include broadband services for residential and business customers. We provide data transmission services to high volume business customers and other carriers with dedicated high capacity circuits ("nonswitched access") including services to wireless providers ("wireless backhaul");

Voice services include traditional local and long-distance wireline services, Voice over Internet Protocol (VoIP) services, as well as a number of unified messaging services offered to our residential and business customers. Voice services also include the long-distance voice origination and termination services that we provide to our business customers and other carriers;

Video services include revenues generated from services provided directly to residential customers through the FiOS® and Vantage video brands, and through DISH® satellite TV services;

Other customer revenue includes switched access revenue, sales of customer premise equipment to our business customers, rents collected for collocation services, and revenue from other services and fees. Switched access revenue includes revenues derived from allowing other carriers to use our network to originate and/or terminate their local and long-distance voice traffic ("switched access"). These services are primarily billed on a minutes-of-use basis applying tariffed rates filed with the FCC or state agencies; and

Subsidy and other regulatory revenue includes revenues generated from cost subsidies from state and federal authorities, including the Connect America Fund Phase II.

PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES
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The following tables provide a summary of revenues, by category:

<i>(\$ in millions)</i>	For the three months ended June 30,		For the six months ended June 30,	
	2019	2018	2019	2018
Data and Internet services	\$ 963	\$ 973	\$ 1,930	\$ 1,958
Voice services	629	682	1,279	1,384
Video services	260	270	528	550
Other	120	140	244	275
Revenue from contracts with customers ⁽¹⁾	1,972	2,065	3,981	4,167
Subsidy revenue	95	97	187	194
Total revenue	<u>\$ 2,067</u>	<u>\$ 2,162</u>	<u>\$ 4,168</u>	<u>\$ 4,361</u>

<i>(\$ in millions)</i>	For the three months ended June 30,		For the six months ended June 30,	
	2019	2018	2019	2018
Consumer	\$ 1,050	\$ 1,095	\$ 2,127	\$ 2,223
Commercial	922	970	1,854	1,944
Revenue from contracts with customers ⁽¹⁾	1,972	2,065	3,981	4,167
Subsidy revenue	95	97	187	194
Total revenue	<u>\$ 2,067</u>	<u>\$ 2,162</u>	<u>\$ 4,168</u>	<u>\$ 4,361</u>

(1) Amount includes approximately \$17 million and \$35 million of lease revenue for the three and six months ended June 30, 2019.

PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES
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The opening and closing balances of Frontier's contract asset and contract liability balances for the six months ended June 30, 2019 and 2018 are as follows:

<i>(\$ in millions)</i>	Contract Assets		Contract Liabilities	
	Current	Noncurrent	Current	Noncurrent
Balance at January 1, 2019	\$ 44	\$ 25	\$ 49	\$ 22
Revenue recognized included in opening contract balance	(18)	(5)	(38)	(11)

Cash received, excluding amounts recognized as revenue	-	-	34	7
Credits granted, excluding amounts recognized as revenue	17	1	-	-
Other	4	(4)	(1)	1
Reclassified to held for sale	(3)	(1)	(3)	(1)
Balance at June 30, 2019	<u>\$ 44</u>	<u>\$ 16</u>	<u>\$ 41</u>	<u>\$ 18</u>

(\$ in millions)	Contract Assets		Contract Liabilities	
	Current	Noncurrent	Current	Noncurrent
Balance at January 1, 2018	\$ 40	\$ 37	\$ 41	\$ 19
Revenue recognized included in opening contract balance	(21)	-	(64)	-
Cash received, excluding amounts recognized as revenue	-	-	86	-
Credits granted, excluding amounts recognized as revenue	27	-	-	-
Other	(4)	4	(12)	6
Balance at June 30, 2018	<u>\$ 42</u>	<u>\$ 41</u>	<u>\$ 51</u>	<u>\$ 25</u>

Short-term contract assets, Long-term contract assets, Short-term contract liabilities, and Long-term contract liabilities are included in other current assets, other assets, other current liabilities, and other liabilities, respectively, on our consolidated balance sheets. The following table includes estimated revenue expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period:

(\$ in millions)	Revenue from contracts with customers	
2019 (remaining six months)	\$	1,895
2020		1,446
2021		643
2022		324
2023		187
Thereafter		237
Total	<u>\$</u>	<u>4,732</u>

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PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES
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(4) Accounts Receivable:

The components of accounts receivable, net are as follows:

(\$ in millions)	June 30, 2019		December 31, 2018	
Retail and wholesale	\$	680	\$	745
Other		77		83
Less: Allowance for doubtful accounts		(83)		(105)
Accounts receivable, net	<u>\$</u>	<u>674</u>	<u>\$</u>	<u>723</u>

We maintain an allowance for doubtful accounts based on our estimate of our ability to collect accounts receivable. Bad debt expense, which is recorded as a reduction to revenue, is as follows:

(\$ in millions)	For the three months ended June 30,		For the six months ended June 30,	
	2019	2018	2019	2018
Bad debt expense	\$ 18	\$ 22	\$ 32	\$ 41

(5) Property, Plant and Equipment:

Property, plant and equipment, net is as follows:

(\$ in millions)	June 30, 2019		December 31, 2018	
Property, plant and equipment	\$	26,001	\$	27,657

Less: Accumulated depreciation		(13,002)	(13,470)
Property, plant and equipment, net	\$	<u>12,999</u>	<u>14,187</u>

In 2017 and 2018, we sold certain properties subject to leaseback, generating \$106 million in net proceeds. In connection with the adoption of ASC 842, the \$15 million (\$11 million net of tax) unamortized deferred gains resulting from these transactions were recognized directly to opening accumulated deficit as January 1, 2019.

In January 2019, we closed the sale of certain wireless towers for approximately \$76 million. The aggregate carrying value of the towers was approximately \$1 million, resulting in a gain on the sale of \$75 million which was recognized against "Accumulated Depreciation" in our consolidated balance sheet during 2019.

Depreciation expense is principally based on the composite group method. Depreciation expense was as follows:

(\$ in millions)	For the three months ended June 30,		For the six months ended June 30,	
	2019	2018	2019	2018
Depreciation expense	\$ 342	\$ 343	\$ 695	\$ 688

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PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES
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We adopted new estimated remaining useful lives for certain plant assets as of October 1, 2018, as a result of an annual independent study of the estimated remaining useful lives of our plant assets, with an insignificant impact to depreciation expense.

(6) Goodwill and Other Intangibles:

We perform impairment tests related to our goodwill annually as of December 31, or sooner if an indicator of impairment occurs. The decline in our stock price and the deterioration in the outlook of our business during the second quarter of 2019 were each triggering events that required an impairment assessment as of June 30, 2019.

We use a market multiples approach to determine Frontier's enterprise fair value for purposes of assessing goodwill for impairment. Marketplace comparisons, analyst reports and trends for other public companies within the telecommunications industry whose service offerings are comparable to ours have a range of fair value multiples between 4.1x and 7.6x of annualized expected EBITDA as adjusted for certain items. At June 30, 2019, we estimated the enterprise fair value using an EBITDA multiple of 4.4x.

Our quantitative assessment indicated that the carrying value of the enterprise exceeded its fair value as of June 30, 2019, and, therefore, an impairment existed. We recorded goodwill impairment of \$5,449 million in the three-month period ended June 30, 2019, which was based on the amount that Frontier's enterprise carrying value exceeded its fair value. This impairment reflected a lower enterprise valuation driven by lower profitability as well as a reduction in the utilized market multiple from 5.3x at December 31, 2018 to 4.4x at June 30, 2019. This reflects, among other things, pressures on our business resulting in a continued deterioration in revenue, challenges in achieving improvements in revenue and customer trends under our transformation program, the long-term sustainability of our capital structure, and the lower outlook for our industry as a whole.

The market multiples approach we use incorporates significant estimates and assumptions related to our forecasted profitability, principally revenue and operating expenses. Our assessment also includes certain qualitative factors that require significant judgment, including challenges in achieving improvements in revenue and customer trends under our transformation program, the amount and timing of other anticipated transformation benefits, and uncertainty regarding the timing and successor to the FCC's CAF Phase II program. Alternative interpretations of these factors could have resulted in different conclusions regarding the need for, or size of, an impairment. Continued declines in our profitability, cash flows, trading price of our common stock and debt securities or lower outlook across our industry (leading possibly to the application of lower market multiples) may result in further impairment.

We also considered whether the carrying values of finite-lived intangible assets and property plant and equipment may not be recoverable or whether the carrying value of certain indefinite-lived intangible assets were impaired, noting no additional impairment was present as of June 30, 2019.

The changes in the carrying amount of goodwill, net for the six months ended June 30, 2019 was as follows:

(\$ in millions)	
Balance at January 1, 2019	\$ 6,383
Reclassified as held for sale ⁽¹⁾	(658)
Goodwill impairment	(5,449)
Balance at June 30, 2019	<u>\$ 276</u>

⁽¹⁾ Represents the amounts reclassified as held-for-sale recasted to the Company's Northwest Operations. See Note 7. Accumulated goodwill impairment charges were \$8,878 million and \$3,429 million as of June 30, 2019 and December 31, 2018.

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PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

The components of other intangibles are as follows:

(\$ in millions)	June 30, 2019			December 31, 2018		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Other Intangibles:						
Customer base	\$ 4,332	\$ (3,258)	\$ 1,074	\$ 5,188	\$ (3,848)	\$ 1,340
Trade name	122	-	122	122	-	122
Royalty agreement	72	(47)	25	72	(40)	32
Total other intangibles	<u>\$ 4,526</u>	<u>\$ (3,305)</u>	<u>\$ 1,221</u>	<u>\$ 5,382</u>	<u>\$ (3,888)</u>	<u>\$ 1,494</u>

Amortization expense was as follows:

(\$ in millions)	For the three months ended June 30,		For the six months ended June 30,	
	2019	2018	2019	2018
Amortization expense	\$ 112	\$ 143	\$ 243	\$ 303

Amortization expense primarily represents the amortization of our customer base acquired as a result of our acquisitions in 2010, 2014, and 2016 with each based on a useful life of 8 to 12 years on an accelerated method.

(7) Planned divestiture of Northwest Operations:

In May 2019, Frontier entered into a definitive agreement to sell its operations and associated assets in Washington, Oregon, Idaho, and Montana (Northwest Operations) for \$1,352 million, subject to certain closing adjustments, including adjustments for working capital and certain pension and retiree medical liabilities. The sale is expected to close by the first half of 2020, subject to customary closing conditions including regulatory approvals. In connection with the sale, Frontier has entered into a transition services agreement with the purchaser to provide various network and support services for a minimum of six months following the transaction closing.

This transaction does not represent a strategic shift for Frontier; therefore, it does not meet the criteria to be classified as a discontinued operation. As a result, the Northwest Operations will continue to be reported in our operating results until the sale is finalized.

As a result of its evaluation of the recoverability of the carrying value of the assets and liabilities held for sale relative to the agreed upon sales price, adjusted for costs to sell, Frontier recorded an estimated loss on disposal of \$384 million during the three months ended June 30, 2019 in its consolidated statement of operations and a valuation allowance included in assets held for sale on its consolidated balance sheet.

Effective with the designation as held-for-sale on May 28, 2019, we discontinued recording depreciation on Property, Plant and Equipment and finite-lived intangible assets of this business as required by the accounting rules. The Company also separately classified the related assets and liabilities of the business as held-for-sale in its June 30, 2019 consolidated balance sheet.

PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES
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The principal components of the held-for-sale assets and liabilities as of June 30, 2019 are as follows:

(\$ in millions)	June 30, 2019
ASSETS	
Accounts receivable, less allowances of \$7	\$ 50
Prepaid expenses	2
Other current assets	13
Property, plant and equipment, net	999
Goodwill ⁽¹⁾	658
Other intangibles, net	30
Valuation allowance on assets held for sale	(376)
Other assets	29
Total assets held for sale	<u>\$ 1,405</u>
LIABILITIES	
Accounts payable	\$ 12
Advanced billings	18
Accrued other taxes	12
Other current liabilities	22
Pension and other postretirement benefits ⁽²⁾	31
Other liabilities	39
Total liabilities held for sale	<u>\$ 134</u>

(1) The assignment of goodwill was based on the relative fair value of the disposal group and the portion of the remaining reporting unit.

(2) Includes fully funded pension liability of \$156 million.

(8) Fair Value of Financial Instruments:

The following table summarizes the carrying amounts and estimated fair values for long-term debt at June 30, 2019 and December 31, 2018. For the other financial instruments including cash, accounts receivable, restricted cash, accounts payable and other current liabilities, the carrying amounts approximate fair value due to the relatively short maturities of those instruments.

The fair value of our long-term debt is estimated based upon quoted market prices at the reporting date for those financial instruments.

(\$ in millions)	June 30, 2019		December 31, 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Total debt	\$ 17,026	\$ 12,822	\$ 17,400	\$ 12,756
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PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES
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(9) Long-Term Debt:

The activity in our long-term debt from January 1, 2019 through June 30, 2019 is summarized as follows:

(\$ in millions)	For the six months ended June 30, 2019				Interest Rate at June 30, 2019*
	January 1, 2019	Principal Payments and Retirements	New Borrowings	June 30, 2019	
Secured debt issued by Frontier	\$ 5,246	\$ (2,125)	\$ 2,100	\$ 5,221	7.70%
Unsecured debt issued by Frontier	11,297	(348)	-	10,949	9.63%
Secured debt issued by subsidiaries	107	(1)	-	106	8.36%
Unsecured debt issued by subsidiaries	750	-	-	750	6.90%
Total debt	\$ 17,400	\$ (2,474)	\$ 2,100	\$ 17,026	8.91%
Less: Debt Issuance Costs	(178)			(181)	
Less: Debt Premium (Discount)	(50)			(48)	
Less: Current Portion	(814)			(440)	
Total Long-term debt	\$ 16,358			\$ 16,357	

* Interest rate includes amortization of debt issuance costs and debt premiums or discounts. The interest rates at June 30, 2019 represent a weighted average of multiple issuances.

PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES
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Additional information regarding our long-term debt as of June 30, 2019 and December 31, 2018 is as follows:

(\$ in millions)	June 30, 2019		December 31, 2018	
	Principal Outstanding	Interest Rate	Principal Outstanding	Interest Rate
Secured debt issued by Frontier				
Term loan due 3/31/2021 ⁽¹⁾	\$ -		\$ 1,402	5.280% (Variable)
Term loan due 10/12/2021 ⁽²⁾	-		239	7.405% (Variable)
Revolver due 2/27/2024 ⁽³⁾	250	5.392% (Variable)	275	5.280% (Variable)
Term loan due 6/15/2024 ⁽⁴⁾	1,708	6.160% (Variable)	1,716	6.280% (Variable)
First lien notes due 4/1/2027	1,650	8.00%	-	
Second lien notes due 4/1/2026	1,600	8.50%	1,600	8.50%
IDRB due 5/1/2030	13	6.20%	13	6.20%
Equipment financings	-		1	0.00%
Total secured debt issued by Frontier	5,221		5,246	
Senior notes due 3/15/2019	-		348	7.125%
Senior notes due 4/15/2020	172	8.50%	172	8.50%
Senior notes due 9/15/2020	55	8.875%	55	8.875%
Senior notes due 7/1/2021	89	9.250%	89	9.250%
Senior notes due 9/15/2021	220	6.250%	220	6.250%
Senior notes due 4/15/2022	500	8.750%	500	8.750%
Senior notes due 9/15/2022	2,188	10.50%	2,188	10.50%
Senior notes due 1/15/2023	850	7.125%	850	7.125%
Senior notes due 4/15/2024	750	7.625%	750	7.625%
Senior notes due 1/15/2025	775	6.875%	775	6.875%
Senior notes due 9/15/2025	3,600	11.00%	3,600	11.00%

Debentures due 11/1/2025	138	7.00%	138	7.00%
Debentures due 8/15/2026	2	6.80%	2	6.80%
Senior notes due 1/15/2027	346	7.875%	346	7.875%
Senior notes due 8/15/2031	945	9.00%	945	9.00%
Debentures due 10/1/2034	1	7.680%	1	7.680%
Debentures due 7/1/2035	125	7.450%	125	7.450%
Debentures due 10/1/2046	193	7.050%	193	7.050%
Total unsecured debt issued by Frontier	<u>10,949</u>		<u>11,297</u>	
Secured debt issued by subsidiaries				
Debentures due 11/15/2031	100	8.50%	100	8.50%
RUS loan contracts due 1/3/2028	6	6.154%	7	6.154%
Total secured debt issued by subsidiaries	<u>106</u>		<u>107</u>	
Unsecured debt issued by subsidiaries				
Debentures due 5/15/2027	200	6.750%	200	6.750%
Debentures due 2/1/2028	300	6.860%	300	6.860%
Debentures due 2/15/2028	200	6.730%	200	6.730%
Debentures due 10/15/2029	50	8.40%	50	8.40%
Total unsecured debt issued by subsidiaries	<u>750</u>		<u>750</u>	
Total debt	<u>\$ 17,026</u>	8.664% ⁽⁵⁾	<u>\$ 17,400</u>	8.411% ⁽⁵⁾

- (1) Represents borrowings under the JPM Credit Agreement Term Loan A, as defined below.
(2) Represents borrowings under the 2016 CoBank Credit Agreement, as defined below.
(3) Represents borrowings under the JPM Credit Agreement Revolver, as defined below.
(4) Represents borrowings under the JPM Credit Agreement Term Loan B, as defined below.
(5) Interest rate represents a weighted average of the stated interest rates of multiple issuances.

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PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES
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Term Loan and Revolving Credit Facilities

JP Morgan Credit Facilities

On February 27, 2017, Frontier entered into a first amended and restated credit agreement with JPMorgan Chase Bank, N.A., as administrative agent, and the lenders party thereto, pursuant to which Frontier combined its revolving credit agreement, dated as of June 2, 2014, and its term loan credit agreement, dated as of August 12, 2015. Under the JPM Credit Agreement (as amended to date, the JPM Credit Agreement), Frontier has a \$1,740 million senior secured Term Loan B facility (the Term Loan B) maturing on June 15, 2024 and an \$850 million secured revolving credit facility maturing on February 27, 2024 (the Revolver). The maturities of the Term Loan B and the Revolver, in each case if still outstanding, will be accelerated in the following circumstances: (i) if, 91 days before the maturity date of any series of Senior Notes maturing in 2020, 2023 and 2024, more than \$500 million in principal amount remains outstanding on such series; or (ii) if, 91 days before the maturity date of the first series of Senior Notes maturing in 2021 or 2022, more than \$500 million in principal amount remains outstanding, in the aggregate, on the two series of Senior Notes maturing in such year. As of June 30, 2019, approximately \$227 million principal amount, in the aggregate, remains outstanding on the two series of senior notes maturing in 2020 and \$309 million principal amount, in the aggregate, remains outstanding on the two series of senior notes maturing in 2021.

The determination of interest rates for the Term Loan B and Revolver under the JPM Credit Agreement is based on margins over the Base Rate (as defined in the JPM Credit Agreement) or over LIBOR, at the election of Frontier. Interest rate margins on the Revolver (ranging from 1.00% to 2.00% for Base Rate borrowings and 2.00% to 3.00% for LIBOR borrowings) are subject to adjustment based on Frontier's Leverage Ratio (as defined in the JPM Credit Agreement). The interest rate on the Revolver as of June 30, 2019 was LIBOR plus 3.00%. Interest rate margins on the Term Loan B (2.75% for Base Rate borrowings and 3.75% for LIBOR borrowings) are not subject to adjustment. The security package under the JPM Credit Agreement includes pledges of the equity interests in certain Frontier subsidiaries and guarantees by certain Frontier subsidiaries.

As of June 30, 2019, Frontier had borrowings of \$250 million outstanding under the Revolver (with letters of credit issued under the Revolver totaling an additional \$81 million). In July 2019, a \$20 million Letter of Credit issued under the Bank of Tokyo LC agreement was replaced by a Letter of Credit issued under the Revolver.

On March 15, 2019, Frontier used proceeds from the offering of First Lien Notes, together with cash on hand, to repay in full the outstanding borrowings under its \$1,625 million senior secured Term Loan A facility, which otherwise would have matured in March 2021, as described below under "New Debt Issuances and Debt Reductions."

In addition, Frontier amended the JPM Credit Agreement to, among other things, (i) extend the maturity date of the Revolver from February 27, 2022 to February 27, 2024, (ii) increase the interest rate applicable to such revolving loans by 0.25% and (iii) make certain modifications to the debt and restricted payment covenants.

CoBank Credit Facilities

As of December 31, 2018, Frontier had \$239 million outstanding under a \$315 million senior term loan facility drawn in October 2016 (as amended, the 2016 CoBank Credit Agreement) with CoBank, ACB, as administrative agent, lead arranger and lender, and the other lenders. On March 15, 2019, Frontier used proceeds from the offering of First Lien Notes, together with cash on hand, to repay in full the outstanding borrowings under the 2016 CoBank Credit Agreement, which otherwise would have matured in October 2021, as described below under "New Debt Issuances and Debt Reductions."

New Debt Issuances and Debt Reductions

On March 15, 2019, Frontier completed a private offering of \$1,650 million aggregate principal amount of 8.00% First Lien Secured Notes due 2027 (the First Lien Notes). The First Lien Notes are guaranteed by each of the Company's subsidiaries that guarantees its Term Loan B and Revolver under the JPM Credit Agreement (the

PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES
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Senior Secured Credit Facilities). The guarantees are unsecured obligations of the guarantors equal in right of payment to all of the guarantor's obligations under the Company's senior secured credit facilities and certain other permitted future senior indebtedness and senior in right of payment to all subordinated obligations of the guarantors. The First Lien Notes are secured on a first-priority basis by all the assets that secure the Company's obligations under its Senior Secured Credit Facilities on a first-priority basis. Interest on the First Lien Notes is payable to holders of record semi-annually in arrears on April 1 and October 1 of each year, commencing October 1, 2019.

On March 19, 2018, Frontier completed a private offering of \$1,600 million aggregate principal amount of 8.50% Second Lien Secured Notes due 2026 (the Second Lien Notes). The Second Lien Notes are guaranteed by each of the Company's subsidiaries that guarantees its Senior Secured Credit Facilities. The guarantees are unsecured obligations of the guarantors and subordinated in right of payment to all of the guarantor's obligations under the Company's senior secured credit facilities and certain other permitted future senior indebtedness but equal in right of payment with all other unsubordinated obligations of the guarantors. The Second Lien Notes indenture provides that (a) the aggregate amount of all guaranteed obligations guaranteed by the guarantors are limited and shall not, at any time, exceed the lesser of (x) the principal amount of the Second Lien Notes then outstanding and (y) the Maximum Guarantee Amount (as defined in the Second Lien Notes indenture), and (b) for the avoidance of doubt, nothing in the Second Lien Notes indenture shall, on any date or from time to time, allow the aggregate amount of all such guaranteed obligations guaranteed by the guarantors to cause or result in the Company or any subsidiary violating any indenture governing the Company's existing senior notes.

The Second Lien Notes are secured on a second-priority basis by all the assets that secure Frontier's obligations under its senior secured credit facilities on a first-priority basis. The collateral securing the Second Lien Notes and the Company's senior secured credit facilities is limited to the equity interests of certain subsidiaries of the Company and substantially all personal property of Frontier Video Services, Inc. The Second Lien Notes bear interest at a rate of 8.50% per annum and mature on April 1, 2026. Interest on the Second Lien Notes is payable semi-annually in arrears on April 1 and October 1 of each year, commencing October 1, 2018. On July 3, 2018, the collateral package for the Second Lien Notes was amended to replace certain operating subsidiary equity pledges with pledges of the equity interests of certain direct subsidiaries of Frontier, consistent with amendments made to Frontier's credit agreements.

On July 3, 2018, the Company entered into Increase Joinder No. 2 to the JPM Credit Agreement, pursuant to which the Company borrowed an incremental \$240 million under the Term Loan B maturing in 2024. The Company used the incremental borrowings to repay in full the 2014 CoBank Credit Agreement, repay a portion of the 2016 CoBank Credit Agreement and pay certain fees and expenses related to this incremental borrowing.

For the six months ended June 30, 2019, Frontier retired \$348 million principal amount of 7.125% senior unsecured notes due 2019. Additionally, on March 15, 2019, Frontier used the proceeds from the offering of First Lien Notes, together with cash on hand, to (i) repay in full the outstanding borrowings under the senior secured Term Loan A facility under the JPM Credit Agreement, which otherwise would have matured in March 2021, (ii) repay in full the outstanding borrowings under the 2016 CoBank Credit Agreement, which otherwise would have matured in October 2021, and (iii) pay related interest, fees and expenses.

During the first six months of 2019, Frontier recorded a loss on early extinguishment of debt of \$20 million driven primarily by the write-off of unamortized original issuance costs associated with the retired Term Loan A and 2016 CoBank Credit Agreement.

During the first six months of 2018, Frontier recorded a gain on early extinguishment of debt of \$33 million driven primarily by discounts received on the retirement of certain notes, slightly offset by premiums paid to retire certain notes and unamortized original issuance costs.

PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES
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Our scheduled principal payments are as follows as of June 30, 2019. This does not reflect outstanding borrowings under the Revolver.

<u>(\$ in millions)</u>	<u>Principal payments</u>	
2019 (remaining six months)	\$	9
2020	\$	245
2021	\$	327
2022	\$	2,706
2023	\$	868
Thereafter	\$	12,621

(10) Restructuring Costs and Other Charges:

Transformation Program

During the second quarter of 2018, Frontier announced a multi-year strategic plan with the objective of improving revenues, profitability, and cash flows by enhancing our operations and customer service and support processes (the "Transformation Program"). During the three and six months ended June 30, 2019, we incurred \$16 million and \$29 million, respectively, in costs directly associated with these activities.

We had retained a consulting firm to assist in executing on various aspects of this plan. This agreement was terminated in June 2019 and in connection therewith we will make a payment in the third quarter of approximately \$30 million of previously accrued expenses. We continue to pursue a reduced transformation program and expect associated expenses to be recognized as incurred. Amounts accrued in connection with the consulting arrangement are recognized as operating expense under "Restructuring costs and other charges."

Restructuring Costs

Restructuring costs and other charges, consisting primarily of severance and other employee-related costs of \$26 million and costs directly associated with the Transformation Program of \$29 million are included in "Restructuring costs and other charges" in our consolidated statement of operations for the six months ended June 30, 2019.

For the six months ended June 30, 2018, restructuring costs and other charges, consisted primarily of severance and other employee-related costs of \$6 million.

The following is a summary of the changes in the liabilities established for restructuring and other programs for the six months ended June 30, 2019 which are all classified in other current liabilities:

(\$ in millions)

Balance at January 1, 2019	\$	18
Severance expense		26
Transformation costs		29
Other restructuring costs		4
Cash payments during the period		(40)
Balance at June 30, 2019	<u>\$</u>	<u>37</u> ⁽¹⁾

(1) Total includes \$10 million and \$27 million of accrued severance and accrued transformation costs, respectively, as of June 30, 2019.

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(11) **Leases:**

With the adoption of ASC 842 on January 1, 2019, Frontier elected to apply the 'package of practical expedients', which permits the Company to not reassess under the new standard its prior conclusions including lease identification, lease classification, and initial direct costs. Additionally, Frontier elected to apply the land easement practical expedient, which permits the Company to account for land easements under the new standard only on a prospective basis. Frontier did not apply the use of hindsight practical expedient.

The following table includes information for the transition adjustment recorded as of January 1, 2019 to record the cumulative impact of adoption of ASC 842 for prior periods:

(\$ in millions)	As Reported December 31, 2018	(Unaudited)	
		ASC 842 Transition Adjustment	Adjusted January 1, 2019
Assets			
Other assets	\$ 265	\$ 205 ⁽¹⁾	\$ 470
Liabilities and Equity (Deficit)			
Other current liabilities	\$ 394	\$ 32 ⁽²⁾	\$ 426
Other liabilities	\$ 281	\$ 158 ⁽³⁾	\$ 439
Deferred income taxes	\$ 1,109	\$ 4 ⁽⁴⁾	\$ 1,113
Accumulated deficit	\$ (2,752)	\$ 11 ⁽⁵⁾	\$ (2,741)

(1) Includes \$205 million of operating Right-of-use (ROU) assets recorded upon adoption.

(2) Includes \$46 million of operating lease liabilities, partially offset by \$14 million reclassification of the current portion of deferred gains on sale of property.

(3) Includes \$168 million of operating lease liabilities, partially offset by \$1 million reclassification of deferred gains on sale of property and \$9 million of deferred rent reclassified to Operating ROU assets.

(4) Represents the tax effect of the recognition of \$15 million in deferred gains on sale of property to accumulated deficit.

(5) Includes the recognition of \$15 million in deferred gains on the sale of property, offset by \$4 million tax impact on the recognition of the gain.

The components of lease cost are as follows:

(\$ in millions)	For the three months ended		For the six months ended	
	June 30, 2019		June 30, 2019	
Lease cost:				
Finance lease cost:				
Amortization of right-of-use assets	\$	4	\$	6
Interest on lease liabilities		4		8
Finance lease cost		8		14
Operating lease cost ⁽¹⁾		17		37
Sublease income		(3)		(7)

Total Lease cost	\$	22	\$	44
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(1) Includes short-term lease cost of \$1 million and \$2 million and variable lease cost of \$1 million and \$4 million for the three and six months ended June 30, 2019, respectively.

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PART I. FINANCIAL INFORMATION (Continued)
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Supplemental balance sheet information related to leases is as follows:

(\$ in millions)	June 30, 2019	
Operating right-of-use assets	\$	198(1)
Finance right-of-use assets	\$	165(2)
Operating lease liabilities	\$	204(3)
Finance lease liabilities	\$	159(4)
Operating leases:		
Weighted-average remaining lease term		7.80years
Weighted-average discount rate		8.29%
Finance leases:		
Weighted-average remaining lease term		9.10years
Weighted-average discount rate		7.98%

(1) Operating ROU assets are included in Other assets on our consolidated balance sheet.

(2) Finance ROU assets are included in Property, plant, and equipment on our June 30, 2019 consolidated balance sheet.

(3) This amount represents \$44 million and \$160 million included in other current liabilities and other liabilities, respectively, on our June 30, 2019 consolidated balance sheet.

(4) This amount represents \$28 million and \$131 million included in other current liabilities and other liabilities, respectively, on our June 30, 2019 consolidated balance sheet.

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PART I. FINANCIAL INFORMATION (Continued)
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Supplemental cash flow information related to leases is as follows:

(\$ in millions)	For the six months ended June 30, 2019	
Cash paid for amount included in the measurement of lease liabilities, net of amounts received as revenue:		
Operating cash flows provided by operating leases	\$	35
Operating cash flows used by operating leases	\$	(34)
Operating cash flows used by finance leases	\$	(8)
Financing cash flows used by finance leases	\$	(17)
Right-of-use assets obtained in exchange for lease liabilities:		
Operating leases	\$	19
Finance leases	\$	18

Lessee

For lessee agreements, Frontier elected to apply the short-term lease recognition exemption for all leases that qualify and as such, does not recognize assets or liabilities for leases with terms of less than twelve months, including existing leases at transition. Frontier elected not to separate lease and non-lease components.

As of January 1, 2019, Frontier has operating and finance leases for administrative and network properties, vehicles, and certain equipment. Our leases have remaining lease terms of 1 year to 99 years, some of which include options to extend the leases, and some of which include options to terminate the leases within 1 year.

The following represents a maturity analysis for our operating and finance lease liabilities as of June 30, 2019:

<i>(\$ in millions)</i>	Operating Leases	Finance Leases
Future maturities:		
2019 (remaining six months)	\$ 23	\$ 20
2020	42	33
2021	37	28
2022	34	23
2023	32	20
Thereafter	104	104
Total lease payments	272	228
Less: imputed interest	(68)	(69)
Present value of lease liabilities	<u>\$ 204</u>	<u>\$ 159</u>

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Upon adoption of ASC 842, we recorded the unamortized deferred gain balances for previous sale-leasebacks of real estate assets as a transition adjustment, which had the effect of decreasing our accumulated deficit by \$15 million (\$11 million net of tax).

Lessor

Frontier is the lessor for operating leases of towers, datacenters, corporate offices, and certain equipment. Our leases have remaining lease terms of 1 year to 99 years, some of which include options to extend the leases, and some of which include options to terminate the leases within 1 year. None of these leases include options for our lessees to purchase the underlying asset.

A significant number of Frontier's telecom service contracts with its customers include equipment rentals. The Company has elected to apply the practical expedient to account for those associated equipment rentals and telecom services as a single, combined component. We have evaluated the service component to be 'predominant' in these contracts and have accounted for the combined component as a single performance obligation under ASC 606.

For the three and six months ended June 30, 2019, Frontier, as a lessor, recognized revenue of \$17 million and \$35 million, respectively. The following represents a maturity analysis for our operating lease payments from customers as of June 30, 2019:

<i>(\$ in millions)</i>	Operating Lease Payments
Future maturities of lease payments from customers:	
2019 (remaining six months)	\$ 5
2020	10
2021	10
2022	10
2023	10
Thereafter	9
Total lease payments from customers	<u>\$ 54</u>

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PART I. FINANCIAL INFORMATION (Continued)
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(12) Investment and Other Income (Loss):

The following is a summary of the components of Investment and Other Income (loss) for the three and six months ended June 30, 2019 and 2018:

<i>(\$ in millions)</i>	For the three months ended June 30,		For the six months ended June 30,	
	2019	2018	2019	2018
Interest and dividend income	\$ 1	\$ 1	\$ 4	\$ 3
Pension and OPEB benefit (costs)	(11)	5	(22)	10
All other, net	1	(1)	-	-
Total investment and other income (loss), net	<u>\$ (9)</u>	<u>\$ 5</u>	<u>\$ (18)</u>	<u>\$ 13</u>

(13) Income Taxes:

The following is a reconciliation of the provision for income taxes computed at the federal statutory rate to income taxes computed at

the effective rate:

	For the three months ended June 30,		For the six months ended June 30,	
	2019	2018	2019	2018
Consolidated tax provision at federal statutory rate	21.0 %	21.0 %	21.0 %	21.0 %
State income tax provisions, net of federal income tax benefit	1.5	1.7	1.5	(34.7)
Remeasurement of certain deferred tax balances	-	-	-	78.6
Tax reserve adjustment	-	0.9	-	(1.1)
Changes in certain deferred tax balances	(1.5)	31.6	(1.9)	146.6
Goodwill impairment	(10.4)	-	(10.4)	-
Loss on disposal of Northwest Operations	(1.4)	-	(1.4)	-
Shared-based payments	-	-	(0.1)	(70.3)
Federal research and development tax credit	-	(2.2)	-	(3.2)
All other, net	(0.1)	1.0	-	1.8
Effective tax rate	<u>9.1 %</u>	<u>54.0 %</u>	<u>8.7 %</u>	<u>138.7 %</u>

As of June 30, 2019, amounts pertaining to expected income tax refunds of \$2.3 million and \$1.5 million are included in "Income taxes and other current assets" and "Other assets" in the consolidated balance sheets, respectively.

Frontier considered positive and negative evidence in regard to evaluating certain deferred tax assets during the second quarter of 2019, including the development of recent years of pre-tax book losses. On the basis of this evaluation, a valuation allowance of \$138 million (\$111 million net of federal benefit) has been recorded for the six months ended June 30, 2019, related to these deferred tax assets and reflected in "Changes in certain deferred tax balances." The amount of the deferred tax assets considered realizable, however, could be adjusted if estimates of future taxable income during the carryforward period are reduced or increased or if objective negative evidence in the form of cumulative losses is no longer present and additional weight is given to subjective evidence such as our projections for growth.

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As of December 31, 2018, Frontier had approximately \$2.4 billion of federal NOLs, which for U.S. federal income tax purposes can be used to offset future taxable income. The closing of the sale of the Northwest Operations would utilize approximately \$1 billion of these NOLs.

On July 1, 2019, the Board of Directors of Frontier Communications adopted a shareholder's right plan (Rights Agreement) designed to protect the availability of the net operating loss carryforwards under the Internal Revenue Code (Code). The Rights Agreement is intended to reduce the likelihood of an ownership change under Section 382 of the Code by deterring any person or group of affiliated or associated persons from acquiring beneficial ownership of 4.9% or more of the outstanding common shares.

(14) Net Loss Per Share:

The reconciliation of the net loss per share calculation is as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2019	2018	2019	2018
<i>(\$ in millions and shares in thousands, except per share amounts)</i>				
<u>Net loss used for basic and diluted loss per share:</u>				
Total basic net loss				
attributable to Frontier common shareholders	\$ (5,317)	\$ (72)	\$ (5,404)	\$ (105)
Effect of loss related to dilutive stock units	-	-	-	-
Total diluted net loss	\$ (5,317)	\$ (72)	\$ (5,404)	\$ (105)
attributable to Frontier common shareholders				
<u>Basic loss per share:</u>				
Total weighted average shares and unvested restricted stock awards outstanding - basic	105,314	80,201	105,377	79,429
Less: Weighted average unvested restricted stock awards	(1,196)	(2,175)	(1,390)	(1,744)
Total weighted average shares outstanding - basic	<u>104,118</u>	<u>78,026</u>	<u>103,987</u>	<u>77,685</u>
Basic net loss per share				
attributable to Frontier common shareholders	<u>\$ (51.07)</u>	<u>\$ (0.92)</u>	<u>\$ (51.97)</u>	<u>\$ (1.35)</u>
<u>Diluted loss per share:</u>				
Total weighted average shares outstanding - basic	104,118	78,026	103,987	77,685
Effect of dilutive stock units	-	-	-	-
Total weighted average shares outstanding - diluted	<u>104,118</u>	<u>78,026</u>	<u>103,987</u>	<u>77,685</u>
Diluted net loss per share				

In calculating diluted net loss per common share for the three and six months ended June 30, 2019 and 2018, the effect of all common stock equivalents is excluded from the computation as the effect would be antidilutive.

Stock Options

For the three and six months ended June 30, 2019 and 2018, previously granted options to purchase 1,344 shares issuable under employee compensation plans were excluded from the computation of diluted earnings (loss) per share (EPS) for those periods because the exercise prices were greater than the average market price of our common stock and, therefore, the effect would be antidilutive.

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Stock Units

At June 30, 2019 and 2018, we had 339,544 and 247,634 stock units, respectively, issued under the Non-Employee Directors' Deferred Fee Equity Plan (Deferred Fee Plan), the Non-Employee Directors' Equity Incentive Plan (Directors' Equity Plan), the 2013 Equity Incentive Plan and the 2017 Equity Incentive Plan. These securities have not been included in the diluted EPS calculation for the six months ended June 30, 2019 and 2018 because their inclusion would have an antidilutive effect. Compensation costs associated with the issuance of stock units were \$0 for the six months ended June 30, 2019 and 2018.

(15) Stock Plans:

At June 30, 2019, we have seven stock-based compensation plans under which grants were made and awards remained outstanding. No further awards may be granted under six of the plans: the 1996 Equity Incentive Plan (the 1996 EIP), the Amended and Restated 2000 Equity Incentive Plan (the 2000 EIP), the 2009 Equity Incentive Plan (the 2009 EIP), the 2013 Equity Incentive Plan (the 2013 EIP), the Deferred Fee Plan and the Directors' Equity Plan. At June 30, 2019, there were approximately 5,667,000 shares authorized for grant and approximately 2,797,000 shares available for grant under the 2017 Equity Incentive Plan (the 2017 EIP and together with the 1996 EIP, the 2000 EIP, the 2009 EIP and the 2013 EIPs, the EIPs).

Performance Shares

As of January 1, 2019, we had 497,000 outstanding performance shares under the Frontier Long Term Incentive Plan (the LTIP). The following summary presents information regarding LTIP target performance shares as of June 30, 2019 and changes during the six months then ended with regard to LTIP shares awarded under the 2013 EIP and the 2017 EIP:

	Number of Shares <i>(in thousands)</i>
Balance at January 1, 2019	497
LTIP target performance shares granted, net	-
LTIP target performance shares earned	(41)
LTIP target performance shares forfeited	(20)
Balance at June 30, 2019	436

For purposes of determining compensation expense, the fair value of each performance share is measured at the end of each reporting period and, therefore, will fluctuate based on the price of Frontier common stock as well as performance relative to the targets. For the six months ended June 30, 2019 and 2018, we recognized net compensation expense, reflected in "Selling, general and administrative expenses," of \$1 million and \$2 million, respectively, for the LTIP.

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Restricted Stock

The following summary presents information regarding unvested restricted stock as of June 30, 2019 and changes during the six months then ended with regard to restricted stock granted under the 2013 EIP and the 2017 EIP:

	Number of Shares <i>(in thousands)</i>	Weighted Average Grant Date Fair Value <i>(per share)</i>	Aggregate Fair Value <i>(in millions)</i>
Balance at January 1, 2019	1,858	\$ 16.02	\$ 4
Restricted stock granted	105	\$ 2.00	\$ -
Restricted stock vested	(701)	\$ 21.99	\$ (1)
Restricted stock forfeited	(18)	\$ 30.37	
Balance at June 30, 2019	1,244	\$ 11.28	\$ 2

For purposes of determining compensation expense, the fair value of each restricted stock grant is estimated based on the closing price of a share of our common stock on the date of the grant. Total remaining unrecognized compensation cost associated with unvested restricted stock awards that is deferred at June 30, 2019 was \$10 million, and the weighted average vesting period over which this cost is expected to be recognized is approximately 1 year.

Shares of restricted stock granted during the first six months of 2018 totaled 1,996,000 shares. The total fair value of shares of restricted stock granted at June 30, 2018 was approximately \$11 million. The total fair value of unvested restricted stock at June 30, 2018 was \$11 million. The weighted average grant date fair value of restricted shares granted during the six months ended June 30, 2018 was \$8.30 per share.

We have granted restricted stock awards to employees in the form of our common stock. None of the restricted stock awards may be sold, assigned, pledged or otherwise transferred, voluntarily or involuntarily, by the employees until the restrictions lapse, subject to limited exceptions. The restrictions are time-based. Compensation expense, recognized in "Selling, general and administrative expenses," of \$5 million and \$7 million for the six month periods ended June 30, 2019 and 2018, respectively, has been recorded in connection with these grants.

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(16) Comprehensive Income (Loss):

Comprehensive income (loss) consists of net income (loss) and other gains and losses affecting shareholders' equity (deficit) and pension/postretirement benefit (OPEB) liabilities that, under GAAP, are excluded from net loss.

The components of accumulated other comprehensive income (loss), net of tax at June 30, 2019 and 2018, and changes for the six month periods then ended, are as follows:

<i>(\$ in millions)</i>	<u>Pension Costs</u>	<u>OPEB Costs</u>	<u>Total</u>
Balance at January 1, 2019 ^(a)	\$ (489)	\$ 26	\$ (463)
Other comprehensive income (loss) before reclassifications	-	-	-
Amounts reclassified from accumulated other comprehensive loss to net loss	21	(4)	17
Net current-period other comprehensive income (loss)	21	(4)	17
Impact of adoption of ASU 2018-02	(83)	4	(79)
Balance at June 30, 2019 ^(a)	<u>\$ (551)</u>	<u>\$ 26</u>	<u>\$ (525)</u>

<i>(\$ in millions)</i>	<u>Pension Costs</u>	<u>OPEB Costs</u>	<u>Total</u>
Balance at January 1, 2018 ^(a)	\$ (345)	\$ (21)	\$ (366)
Other comprehensive income (loss) before reclassifications	45	1	46
Amounts reclassified from accumulated other comprehensive loss to net loss	27	(3)	24
Net current-period other comprehensive income (loss)	72	(2)	70
Balance at June 30, 2018 ^(a)	<u>\$ (273)</u>	<u>\$ (23)</u>	<u>\$ (296)</u>

(a) Pension and OPEB amounts are net of tax of \$250 million and \$223 million as of January 1, 2019 and 2018, respectively and \$166 million and \$195 million as of June 30, 2019 and 2018, respectively.

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The significant items reclassified from each component of accumulated other comprehensive loss for the three and six month periods then ended June 30, 2019 and 2018 are as follows:

<i>(\$ in millions)</i>	Amount Reclassified from				Affected Line Item in the Statement Where Net Loss is Presented
	<u>Accumulated Other Comprehensive Loss ^(a)</u>				
	For the three months ended June 30,		For the six months ended June 30,		
Details about Accumulated Other Comprehensive Loss Components	2019	2018	2019	2018	
Amortization of Pension Cost Items ^(b)					

Actuarial gains (losses)	\$ (14)	\$ (6)	\$ (28)	\$ (13)	
Pension settlement costs	-	(25)	-	(25)	
	(14)	(31)	(28)	(38)	Loss before income taxes
Tax impact	3	8	7	11	Income tax benefit
	<u>\$ (11)</u>	<u>\$ (23)</u>	<u>\$ (21)</u>	<u>\$ (27)</u>	Net loss
Amortization of OPEB Cost Items (b)					
Prior-service costs	\$ 3	\$ 3	\$ 4	\$ 5	
Actuarial gains (losses)	-	-	2	(1)	
	3	3	6	4	Loss before income taxes
Tax impact	(1)	(1)	(2)	(1)	Income tax benefit
	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 4</u>	<u>\$ 3</u>	Net loss

(a) Amounts in parentheses indicate losses.

(b) These accumulated other comprehensive loss components are included in the computation of net periodic pension and OPEB costs (see Note 17 - Retirement Plans for additional details).

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(17) Retirement Plans:

The following tables provide the components of total pension and postretirement benefit cost:

<i>(\$ in millions)</i>	Pension Benefits			
	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2019	2018	2019	2018
Components of total pension benefit cost				
Service cost	\$ 21	\$ 24	\$ 42	\$ 48
Interest cost on projected benefit obligation	32	30	65	60
Expected return on plan assets	(43)	(48)	(86)	(98)
Amortization of unrecognized loss	14	6	28	13
Net periodic pension benefit cost	<u>\$ 24</u>	<u>\$ 12</u>	<u>\$ 49</u>	<u>\$ 23</u>
Pension settlement costs	-	25	-	25
Total pension benefit cost	<u>\$ 24</u>	<u>\$ 37</u>	<u>\$ 49</u>	<u>\$ 48</u>
	Postretirement Benefits			
	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2019	2018	2019	2018
Components of net periodic postretirement benefit cost				
Service cost	\$ 5	\$ 6	\$ 10	\$ 11
Interest cost on projected benefit obligation	11	10	21	19
Amortization of prior service cost (credit)	(3)	(3)	(4)	(5)
Amortization of unrecognized (gain) loss	-	-	(2)	1
Net periodic postretirement benefit cost	<u>\$ 13</u>	<u>\$ 13</u>	<u>\$ 25</u>	<u>\$ 26</u>

The components of net periodic benefit cost other than the service cost component are included in "Investment and other income" in the consolidated statement of operations.

During the first six months of 2019 and 2018, we capitalized \$13 million and \$14 million, respectively, of pension and OPEB expense into the cost of our capital expenditures, as the costs relate to our engineering and plant construction activities.

Our Pension Plan assets increased from \$2,348 million at December 31, 2018 to \$2,621 million at June 30, 2019, an increase of \$273 million, or 12%. This increase was a result of contributions of \$71 million and positive investment returns (net of investment management and administrative fees) of \$338 million, partially offset by benefit payments of \$136 million.

Required pension plan contributions for the full year 2019 are estimated to be \$166 million, of which \$71 million was contributed to the Plan during the first six months of 2019.

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(18) Commitments and Contingencies:

Although from time to time we make short-term purchasing commitments to vendors with respect to capital expenditures, we generally do not enter into firm, written contracts for such activities.

In June 2015, Frontier accepted the Federal Communications Commission's (FCC) offer of support to price cap carriers under the Connect America Fund (CAF) Phase II program, which is intended to provide long-term support for broadband in high cost unserved or underserved areas. This program provides \$332 million in annual support, including \$19 million in annual support related to the Northwest Operations, through 2020 to make available 10 Mbps downstream/1 Mbps upstream broadband service to approximately 774,000 households across certain of the 29 states where we now operate. To the extent we do not enable the required number of households with 10 Mbps downstream/1 Mbps upstream broadband service by the end of the CAF Phase II term, we will be required to return a portion of the funds previously received.

In August 2018, the FCC concluded its Connect America Fund Phase II auction to award \$200 million in funding over ten years in areas where its original offer of support in 2015 was not accepted by carriers. The results of the Phase II auction have no impact on Frontier's current \$332 million in CAF Phase II support. Frontier participated in this auction and the amount awarded was immaterial.

In August 2019, the FCC adopted a notice of proposed rulemaking to establish the Rural Digital Opportunity Fund (RDOF), which will be the successor to the CAF II program. While the RDOF has not been finalized, its final form could result in a material change in the level of annual funding that Frontier receives from the FCC under CAF II as early as 2021.

In September 2018, Frontier filed applications to be eligible to bid in two upcoming FCC spectrum auctions: Auction 101 (28 GHz) and Auction 102 (24 GHz) and ultimately placed bids in Auction 101. In 2019, Frontier won three 28 GHz licenses, two in Indiana and one in West Virginia. The winning bids did not result in a material investment, and we plan to test millimeter wave fixed wireless technology with these licenses.

On April 20, 2017, the FCC issued an Order that significantly altered how Commercial Data Services are regulated. Specifically, the Order adopted a test to determine, on a county-by-county basis, whether price cap ILECs, like Frontier's DS1 and DS3 services, will continue to be regulated. The test resulted in deregulation in a substantial number of our markets and is allowing Frontier to offer its DS1 and DS3 services in a manner that better responds to the competitive marketplace and allows for commercial negotiation. The areas that remain regulated may be subject to price fluctuations depending upon the price cap formula that year. Multiple parties appealed the Order in the 8th Circuit Court of Appeals. The Court of Appeals issued a ruling August 28, 2018, which upheld the vast majority of the FCC's decision easing regulation of business data services of internet service providers and vacated and remanded one part of the Order back to the FCC. On October 10, 2018, the FCC filed a Motion to Stay the Court's Decision. Frontier cannot predict the extent to which these regulatory changes could affect revenues at this time. On July 10, 2019, the FCC issued an Order reinstating its original decision regarding transport that was remanded by the 8th Circuit due to lack of notice. While this Order cures the lack of notice cited by the 8th Circuit, Frontier cannot predict whether parties may again appeal the decision.

On April 30, 2018, an amended consolidated class action complaint was filed in the United States District Court for the District of Connecticut on behalf of certain purported stockholders against Frontier, certain of its current and former directors and officers and the underwriters of certain Frontier securities offerings. The complaint was brought on behalf of all persons who (1) acquired Frontier common stock between February 6, 2015 and February 28, 2018, inclusive, and/or (2) acquired Frontier common stock or Mandatory Convertible Preferred Stock either in or traceable to Frontier's offerings of common and preferred stock conducted on or about June 2, 2015 and June 8, 2015. The complaint asserted, among other things, violations of Section 10(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Rule 10b-5 thereunder, Section 20(a) of the Exchange Act and Sections 11 and 12 of the Securities Act of 1933, as amended, in connection with certain disclosures relating to the CTF Acquisition. The complaint sought, among other things, damages and equitable and injunctive relief. On March 8, 2019, the District Court granted in its entirety Frontier's motion to dismiss the complaint. The District Court dismissed with prejudice a number of claims and with respect to certain

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FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

other claims that were not dismissed with prejudice, Plaintiffs were permitted to seek the court's permission to refile. On May 10, 2019, Plaintiffs filed a motion for leave to amend along with a proposed amended complaint that is narrower in scope than the dismissed complaint. We continue to dispute the allegations and intend to vigorously defend against such claims. In addition, shareholders have filed derivative complaints on behalf of the Company in Connecticut, California, and Delaware courts. The derivative complaints are based, generally, on the same facts asserted in the consolidated class action complaint and allege against current and former officers and directors of the Company (i) breach of fiduciary duty claims for disseminating false and misleading information to shareholders, failure to manage internal controls, and failure to oversee and manage the company; (ii) unjust enrichment and waste of corporate assets claims; and (iii) violations of Section 14(a) of the Exchange Act for the false and misleading statements. We also dispute the allegations in the derivative complaints described above and intend to vigorously defend against such claims. Given that all of these matters are in the early stages of litigation, we are unable to estimate a reasonably possible range of loss, if any, that may result.

We are currently defending an intellectual property lawsuit initiated by Sprint Communications which alleges that the VoIP services that we offer to our customers infringe on certain of the plaintiff's patents. While we intend to defend this lawsuit vigorously, we cannot at this time predict the outcome of this lawsuit or reasonably estimate a possible range of loss.

In addition, we are party to various legal proceedings (including individual actions, class and putative class actions, and federal and state governmental investigations) arising in the normal course of our business covering a wide range of matters and types of claims including, but not limited to, general contract disputes, billing disputes, rights of access, taxes and surcharges, consumer protection, advertising, sales and the provision of services, trademark and patent infringement, employment, regulatory, tort, claims of competitors and disputes with other carriers. Legal proceedings and litigation are subject to uncertainty and the outcome of individual matters is not predictable. However, we believe that the ultimate resolution of all such matters, after considering insurance coverage or other indemnities to which we are entitled, will not have a material adverse effect on our financial position, results of operations, or cash flows.

In October 2013, the California Attorney General's Office notified certain Verizon companies, including one of the subsidiaries that we acquired in the CTF Acquisition, of potential violations of California state hazardous waste statutes primarily arising from the disposal of electronic components, batteries and aerosol cans at certain California facilities. We are cooperating with this investigation. We maintain an accrual for potential penalties that we deem to be probable and reasonably estimated, and we do not expect that any potential penalties, if ultimately incurred, will be material in comparison to the established accrual.

We accrue an expense for pending litigation when we determine that an unfavorable outcome is probable, and the amount of the loss can be reasonably estimated. Legal defense costs are expensed as incurred. None of our existing accruals for pending matters, after considering insurance coverage, is material. We monitor our pending litigation for the purpose of adjusting our accruals and revising our disclosures accordingly, when required. Litigation is, however, subject to uncertainty, and the outcome of any particular matter is not predictable. We will vigorously defend our interests in pending litigation, and as of this date, we believe that the ultimate resolution of all such matters, after considering insurance coverage or other indemnities to which we are entitled, will not have a material adverse effect on our consolidated financial position, results of operations, or our cash flows.

PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains "forward-looking statements" related to future events. Forward-looking statements address our expected future business and financial performance and financial condition, and contain words such as "expect," "anticipate," "intend," "plan," "believe," "seek," "see," "may," "will," "would," or "target." Forward-looking statements by their nature address matters that are, to different degrees, uncertain. For us, particular uncertainties that could cause our actual results to be materially different than those expressed in our forward-looking statements include:

- declines in revenue from our voice services, switched and nonswitched access and video and data services that we cannot stabilize or offset with increases in revenue from other products and services;

- our ability to successfully implement strategic initiatives, including our transformation program and opportunities to enhance revenue and realize productivity improvements;

- competition from cable, wireless and wireline carriers, satellite, and OTT companies, and the risk that we will not respond on a timely or profitable basis;

- our ability to successfully adjust to changes in the communications industry, including the effects of technological changes and competition on our capital expenditures, products and service offerings;

- risks related to disruption in our networks, infrastructure and information technology that result in customer loss and/or incurrence of additional expenses;

- the impact of potential information technology or data security breaches or other cyber-attacks or other disruptions;

- our ability to retain or attract new customers and to maintain relationships with customers, employees or suppliers;

- our ability to hire or retain key personnel;

- our ability to dispose of certain assets or asset groups on terms that are attractive to us, or at all, including our ability to consummate the pending sale of our Northwest Operations;

- our ability to effectively manage our operations, operating expenses, capital expenditures, debt service requirements and cash paid for income taxes and liquidity;

- our ability to defend against litigation and potentially unfavorable results from current pending and future litigation;

- our ability to comply with applicable federal and state consumer protection requirements;

- adverse changes in the credit markets, which could impact the availability and cost of financing;

- our ability to repay or refinance our debt through among other things, accessing the capital markets, notes repurchases and/or redemptions, tender offers and exchange offers;

- adverse changes in the ratings given to our debt securities by nationally accredited ratings organizations;

- covenants in our indentures and credit agreements that may limit our operational and financial flexibility as well as our ability to access the capital markets in the future;

PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES

- the effects of state regulatory requirements that could limit our ability to transfer cash among our subsidiaries or dividend funds up to the parent company;

- the effects of governmental legislation and regulation on our business, including costs, disruptions, possible limitations on operating flexibility and changes to the competitive landscape resulting from such legislation or regulation;

- the impact of regulatory, investigative and legal proceedings and legal compliance risks;

- government infrastructure projects (such as highway construction) that impact our capital expenditures;

- continued reductions in switched access revenues as a result of regulation, competition or technology substitutions;

- the effects of changes in the availability of federal and state universal service funding or other subsidies to us and our competitors and our ability to obtain future subsidies, including participation in the proposed RDOF program;

- our ability to meet our remaining CAF II funding obligations and the risk of penalties or obligations to return certain CAF II funds;

- our ability to effectively manage service quality in the states in which we operate and meet mandated service quality metrics;

- the effects of changes in income tax rates, tax laws, regulations or rulings, or federal or state tax assessments, including the risk that such changes may benefit our competitors more than us, as well as potential future decreases in the value of our deferred tax assets;

- the effects of changes in accounting policies or practices including the impact of current and potential future impairment charges with respect to our goodwill or other intangible assets;

- the effects of increased medical expenses and pension and postemployment expenses;

- our ability to successfully renegotiate union contracts;

- changes in pension plan assumptions, interest rates, discount rates, regulatory rules and/or the value of our pension plan assets, which could require us to make increased contributions to the pension plan in 2018 and beyond;

the effects of changes in both general and local economic conditions in the markets that we serve; and the risks and other factors contained in our most recent Form 10-K and other filings with the SEC.

Any of the foregoing events, or other events, could cause our results to vary from management's forward-looking statements included in this report. You should consider these important factors in evaluating any statement in this report or otherwise made by us or on our behalf. We have no obligation to update or revise these forward-looking statements and do not undertake to do so.

Investors should also be aware that while we do, at various times, communicate with securities analysts, it is against our policy to disclose to them selectively any material non-public information or other confidential information. Accordingly, investors should not assume that we agree with any statement or report issued by an analyst, irrespective of the content of the statement or report. To the extent that reports issued by securities analysts contain any projections, forecasts or opinions, such reports are not our responsibility.

PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

Frontier Communications Corporation (Frontier) is a provider of communications services in the United States, with approximately 4.3 million customers, 3.6 million broadband subscribers and approximately 19,900 employees, operating in 29 states. We offer a broad portfolio of communications services for consumer and commercial customers. These services which include data and Internet services, video services, voice services, access services, and advanced hardware and network solutions, are offered on either a standalone basis or in a bundled package, depending on each customer's needs.

During the second quarter of 2019, Frontier announced the planned sale of its operations and all associated assets in Washington, Oregon, Idaho, and Montana (Northwest Operations) for \$1,352 million, subject to certain adjustments for working capital and certain pension and retiree medical liabilities. Revenues for the Northwest Operations represented approximately 7% of consolidated sales for each of the three and six months ended June 30, 2019, respectively. The sale is expected to close during the first half of 2020, subject to customary closing conditions including regulatory approvals.

The sections below include tables that present customer counts, average monthly consumer revenue per customer (ARPC) and consumer customer churn, which we define as the average of the number of consumer customer deactivations during the month divided by the number of consumer customers at the beginning of the month.

Management believes that consumer customer counts and average monthly revenue per customer are important factors in evaluating our consumer customer trends. Among the key services we provide to consumer customers are voice service, data service and video service. We continue to explore the potential to provide additional services to our customer base, with the objective of meeting all our customers' communications needs.

The following should be read in conjunction with Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our Annual Report on Form 10-K for the year ended December 31, 2018.

PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES

(a) Results of Operations

CUSTOMER RELATED METRICS

As of or for the three months ended

	June 30, 2019	December 31, 2018	% Increase (Decrease)	June 30, 2018	% Increase (Decrease)
Customers (in thousands)	4,292	4,471	(4)%	4,667	(8)%
Consumer customer metrics					
Customers (in thousands)	3,902	4,060	(4)%	4,237	(8)%
Net customer additions (losses)	(93)	(92)	1 %	(86)	8 %
Average monthly consumer revenue per customer	\$ 88.68	\$ 88.37	0 %	\$ 85.28	4 %
Customer monthly churn	2.14%	1.94%	10 %	1.95%	10 %
Commercial customer metrics					
Customers (in thousands)	390	411	(5)%	430	(9)%
Broadband subscriber metrics (in thousands)					
Broadband subscribers	3,626	3,735	(3)%	3,863	(6)%
Net subscriber additions (losses)	(71)	(67)	6 %	(32)	122 %
Video (excl. DISH) subscriber metrics (in thousands)					
Video subscribers (in thousands)	738	838	(12)%	902	(18)%
Net subscriber additions (losses)	(46)	(35)	31 %	(32)	44 %
DISH subscriber metrics (in thousands)					

DISH subscribers (in thousands)	190	205	(7)%	219	(13)%
Net subscriber additions (losses)	(8)	(6)	33%	(8)	-%
Employees	19,872	21,173	(6)%	21,718	(8)%

As of or for the six months ended

	June 30, 2019	June 30, 2018	% Increase (Decrease)
Consumer customer metrics			
Average monthly consumer revenue per customer	\$ 88.94	\$ 85.79	4%
Customer monthly churn	2.07%	1.94%	7%

Customer Trends and Revenue Performance

We provide service and product options in our consumer and commercial offerings in each of our markets. As of June 30, 2019, 59% of our consumer broadband customers subscribed to at least one other service offering.

We had approximately 3.9 million and 4.2 million total consumer customers as of June 30, 2019 and 2018, respectively. Our consumer customer churn was 2.14% and 2.07%, for the three and six months ended June 30, 2019, compared to 1.95% and 1.94%, respectively for the three and six months ended June 30, 2018 and 1.99% for the first quarter of 2019. The consolidated average monthly consumer revenue per customer (consumer ARPC) increased by \$3.40, or 4% to \$88.68 and \$3.15, or 4%, to \$88.94 for the three and six months ended June 30, 2019 and 2018, respectively. The overall increase in consumer ARPC from June 30, 2018 is primarily a result of consumer, broadband, and video initiatives that were implemented during the fourth quarter of 2018.

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PART I. FINANCIAL INFORMATION (Continued) FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES

We had approximately 390,000 and 430,000 total commercial customers as of June 30, 2019 and 2018, respectively. We lost approximately 10,000 and 21,000 commercial customers during the three and six months ended June 30, 2019 compared to a loss of 11,000 and 23,000 customers, respectively, for the three and six months ended June 30, 2018, and a loss of 11,000 customers for the first quarter of 2019. Frontier expects the declines in voice services revenue and from commercial customers to continue for the remainder of 2019. Our Ethernet product revenue from our SME (small business, medium business and larger enterprise customers) and carrier customers has grown by 11% during the second quarter of 2019, compared to the prior year period, and remained relatively flat compared to the first quarter of 2019.

We had approximately 3.6 million and 3.9 million broadband subscribers as of June 30, 2019 and 2018, respectively. During the three and six months ended June 30, 2019, we lost approximately 71,000 and 109,000 net broadband subscribers, respectively, compared to a loss of 32,000 and 75,000 net broadband subscribers, respectively for the three and six months ended June 30, 2018, and a loss of 38,000 for the first quarter of 2019.

We offer video services under the FiOS® brand in portions of California, Texas, Florida, Indiana, Oregon and Washington, and the Vantage™ brand in portions of Connecticut, North Carolina, South Carolina, Minnesota, Illinois, New York, and Ohio. We also offer satellite TV video service to our customers under an agency relationship with DISH® in all our markets. For the three and six months ended June 30, 2019, we lost approximately 54,000 and 115,000, respectively, net video subscribers across all markets. At June 30, 2019, we had 738,000 linear video subscribers that are served with FiOS® or Vantage video service. In addition to our linear video subscribers, we have approximately 190,000 DISH® satellite video customers.

REVENUE

(\$ in millions)	For the three months ended June 30,		\$ Increase (Decrease)	% Increase (Decrease)
	2019	2018		
Data and Internet services	\$ 963	\$ 973	\$ (10)	(1)%
Voice services	629	682	(53)	(8)%
Video services	260	270	(10)	(4)%
Other	120	140	(20)	(14)%
Revenue from contracts with customers ⁽¹⁾	1,972	2,065	(93)	(5)%
Subsidy revenue	95	97	(2)	(2)%
Total revenue	<u>\$ 2,067</u>	<u>\$ 2,162</u>	<u>\$ (95)</u>	<u>(4)%</u>

(\$ in millions)	For the three months ended June 30,		\$ Increase (Decrease)	% Increase (Decrease)
	2019	2018		
Consumer	\$ 1,050	\$ 1,095	\$ (45)	(4)%
Commercial	922	970	(48)	(5)%
Revenue from contracts with customers ⁽¹⁾	1,972	2,065	(93)	(5)%
Subsidy revenue	95	97	(2)	(2)%
Total revenue	<u>\$ 2,067</u>	<u>\$ 2,162</u>	<u>\$ (95)</u>	<u>(4)%</u>

(1) Includes \$17 million of lease revenue for the three months ended June 30, 2019.

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PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES

(\$ in millions)	For the six months ended June 30,		\$ Increase (Decrease)	% Increase (Decrease)
	2019	2018		
Data and Internet services	\$ 1,930	\$ 1,958	\$ (28)	(1) %
Voice services	1,279	1,384	(105)	(8) %
Video services	528	550	(22)	(4) %
Other	244	275	(31)	(11) %
Revenue from contracts with customers ⁽¹⁾	3,981	4,167	(186)	(4) %
Subsidy revenue	187	194	(7)	(4) %
Total revenue	\$ 4,168	\$ 4,361	\$ (193)	(4) %

(\$ in millions)	For the six months ended June 30,		\$ Increase (Decrease)	% Increase (Decrease)
	2019	2018		
Consumer	\$ 2,127	\$ 2,223	\$ (96)	(4) %
Commercial	1,854	1,944	(90)	(5) %
Revenue from contracts with customers ⁽¹⁾	3,981	4,167	(186)	(4) %
Subsidy revenue	187	194	(7)	(4) %
Total revenue	\$ 4,168	\$ 4,361	\$ (193)	(4) %

(1) Includes \$35 million of lease revenue for the six months ended June 30, 2019.

Revenue

We generate revenue primarily through either a monthly recurring fee or a fee based on usage, and revenue recognition is not dependent upon significant judgments by management, with the exception of a determination of the provision for uncollectible amounts.

The decrease in consolidated total revenue for the six months ended June 30, 2019 was primarily due to fewer customers, partially offset by improved consumer ARPC.

The decrease in consolidated customer revenue of \$93 million for the three months ended June 30, 2019 consisted of decreases of \$45 million and \$48 million of consumer customer revenue and commercial customer revenue, respectively. The decrease in consolidated customer revenue of \$186 million for the six months ended June 30, 2019 consisted of decreases of \$96 million and \$90 million of consumer customer revenue and commercial customer revenue, respectively. The decrease in consolidated consumer customer revenue was primarily due to decreases in voice services, and to a lesser extent video services, partially offset by a slight increase in data and Internet services revenue. We have experienced declines in the number of traditional voice customers as a result of competition and the availability of substitutes, a trend we expect to continue. We also experienced declines in the number of video and data and internet customers. This was partially offset by improved ARPC for consumer customers. The decrease in consolidated commercial customer revenue was primarily driven by decreases in our voice services revenue and nonswitched revenue, including wireless backhaul revenue.

We categorize our products, services, and other revenues into the following five categories:

Data and Internet Services

Data and Internet services include broadband services for residential and business customers. We provide data transmission services to high volume business customers and other carriers with dedicated high capacity circuits ("nonswitched access") including services to wireless providers ("wireless backhaul").

For the three and six months ended June 30, 2019, the decrease in Consolidated data and Internet services revenue consisted of a decrease of \$5 million and \$17 million, respectively, for consolidated nonswitched access services

PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES

and a decrease of \$5 million and \$11 million, respectively, for consolidated data services. The decrease in nonswitched access services was primarily driven by a migration of our carrier customers to lower price ethernet.

Voice Services

Voice services include traditional local and long-distance wireline services, data-based Voice over Internet Protocol (VoIP) services, as well as voice messaging services offered to our consumer and commercial customers. Voice services also include the long-distance voice origination and termination services that we provide to our commercial customers and other carriers.

The decrease in voice services revenue for the three and six months ended June 30, 2019, was primarily driven by the continued net loss of voice customers.

Video Services

Video services include revenue generated from services provided directly to consumer customers through the FiOS[®] video and Vantage video brands, and through DISH[®] satellite TV services.

The decrease in video services revenue for the three and six months ended June 30, 2019, was primarily driven by a net decrease in the total number of video subscribers.

Other

Other customer revenue includes switched access revenue and sales of Customer Premise Equipment (CPE) to our business customers and directory services. Switched access revenue includes revenue derived from allowing other carriers to use our network to originate and/or terminate their local and long-distance voice traffic ("switched access"). These services are primarily billed on a minutes-of-use basis applying

tariffed rates filed with the FCC or state agencies.

The decrease in other revenue for the three and six months ended June 30, 2019 was primarily driven by a decrease in switched access revenue due to reduced rates mandated by the Universal Service Fund/Intercarrier Compensation Report and Order with a related decline in operating expenses and activation associated fees.

Subsidy

Subsidy and other regulatory revenue includes revenue generated from cost subsidies from state and federal authorities, including the Connect America Fund Phase II.

**OPERATING EXPENSES
NETWORK ACCESS EXPENSES**

(\$ in millions)	For the three months ended June 30,		\$ Increase (Decrease)	% Increase (Decrease)
	2019	2018		
Network access expenses	\$ 318	\$ 369	\$ (51)	(14) %

(\$ in millions)	For the six months ended June 30,		\$ Increase (Decrease)	% Increase (Decrease)
	2019	2018		
Network access expenses	\$ 656	\$ 741	\$ (85)	(11) %

Network access expenses include access charges and other third-party costs directly attributable to connecting customer locations to our network, video content costs and promotional costs. Such access charges and other third-party costs exclude network related expenses, depreciation and amortization, and employee related expenses.

**PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES**

The decreases in network access expenses for the three and six months ended June 30, 2019 was primarily driven by lower video content costs as a result of a decline in video customers and decreased promotional costs.

NETWORK RELATED EXPENSES

(\$ in millions)	For the three months ended June 30,		\$ Increase (Decrease)	% Increase (Decrease)
	2019	2018		
Network related expenses	\$ 445	\$ 478	\$ (33)	(7) %

(\$ in millions)	For the six months ended June 30,		\$ Increase (Decrease)	% Increase (Decrease)
	2019	2018		
Network related expenses	\$ 901	\$ 961	\$ (60)	(6) %

Network related expenses include expenses associated with the delivery of services to customers and the operation and maintenance of our network, such as facility rent, utilities, maintenance and other costs, as well as salaries, wages and related benefits associated with personnel who are responsible for the delivery of services, and the operation and maintenance of our network.

The decrease in network related expenses for the three and six months ended June 30, 2019 was primarily driven by decreased compensation costs related to lower employee headcount and decreased network services cost.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

(\$ in millions)	For the three months ended June 30,		\$ Increase (Decrease)	% Increase (Decrease)
	2019	2018		
Selling, general and administrative expenses	\$ 445	\$ 460	\$ (15)	(3) %

(\$ in millions)	For the six months ended June 30,		\$ Increase (Decrease)	% Increase (Decrease)
	2019	2018		
Selling, general and administrative expenses	\$ 901	\$ 929	\$ (28)	(3) %

Selling, general and administrative expenses (SG&A expenses) include the salaries, wages and related benefits and the related costs of corporate and sales personnel, travel, insurance, non-network related rent, advertising, and other administrative expenses.

The decrease in SG&A expenses for the three and six months ended June 30, 2019 primarily related to decreased outside service, warehousing and supplies cost and lower compensation costs related to lower employee headcount, partially offset by increased facilities

PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES

Pension and OPEB costs

Frontier allocates certain pension/OPEB expense to network related expenses and SG&A expenses. Total consolidated pension and OPEB service costs for the three and six months ended June 30, 2019 and 2018 were as follows:

(\$ in millions)	For the three months ended June 30,		For the six months ended June 30,	
	2019	2018	2019	2018
Total pension/OPEB service costs	\$ 26	\$ 30	\$ 52	\$ 59
Less: costs capitalized into capital expenditures	(7)	(7)	(13)	(14)
Net pension/OPEB costs	<u>\$ 19</u>	<u>\$ 23</u>	<u>\$ 39</u>	<u>\$ 45</u>

DEPRECIATION AND AMORTIZATION EXPENSE

(\$ in millions)	For the three months ended June 30,		\$ Increase (Decrease)	% Increase (Decrease)
	2019	2018		
Depreciation expense	\$ 342	\$ 343	\$ (1)	(0) %
Amortization expense	112	143	(31)	(22) %
Depreciation and Amortization expense	<u>\$ 454</u>	<u>\$ 486</u>	<u>\$ (32)</u>	(7) %

(\$ in millions)	For the six months ended June 30,		\$ Increase (Decrease)	% Increase (Decrease)
	2019	2018		
Depreciation expense	\$ 695	\$ 688	\$ 7	1 %
Amortization expense	243	303	(60)	(20) %
Depreciation and Amortization expense	<u>\$ 938</u>	<u>\$ 991</u>	<u>\$ (53)</u>	(5) %

The decrease in amortization expense for the three and six months ended June 30, 2019 was primarily driven by the accelerated method of amortization related to customer bases acquired in 2010, 2014, and 2016.

GOODWILL IMPAIRMENT

As a result of the continued decline in the share price of our common stock and the deterioration in the outlook of our business during the second quarter of 2019, we tested goodwill for impairment as of June 30, 2019. In performing this test, the determination of Frontier's enterprise fair value as of June 30, 2019 was significantly impacted by our outlook for lower profitability. This was driven by several factors, including pressures on our business resulting in a continued deterioration in revenue, challenges in achieving improvements in revenue and customer trends under our transformation program, the long-term sustainability of our capital structure and lower outlook for our industry as a whole. Frontier's enterprise carrying value was higher than its fair value resulting in a goodwill impairment of \$5,449 million for the three and six months ended June 30, 2019. Continued declines in our profitability, cash flows, trading price of our common stock and debt securities or lower outlook across our industry may result in further impairment.

PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES
LOSS ON DISPOSAL OF NORTHWEST OPERATIONS

As a result of our evaluation of the recoverability of the carrying value of the assets and liabilities held for sale relative to the agreed upon sales price, adjusted for costs to sell, we recorded a loss on disposal of \$384 million during the three months ended June 30, 2019.

RESTRUCTURING COSTS AND OTHER CHARGES

(\$ in millions)	For the three months ended June 30,		\$ Increase (Decrease)	% Increase (Decrease)
	2019	2018		
Restructuring costs and other charges	\$ 31	\$ 2	\$ 29	NM
	For the six months ended June 30,		\$ Increase	% Increase

(\$ in millions)	2019	2018	(Decrease)	(Decrease)
Restructuring costs and other charges	\$ 59	\$ 6	\$ 53	NM

NM - Not meaningful

Restructuring costs and other charges consist of expenses related to changes in the composition of our business, including workforce reductions. During the three and six months ended June 30, 2019, we incurred \$15 million and \$30 million, respectively, in costs directly associated with these activities.

In addition, costs related to the Transformation Program, a multi-year strategic plan with the objective of transforming the Company and reinvigorating growth, are included in Restructuring and other charges. During the three and six months ended June 30, 2019, we incurred \$16 million and \$29 million, respectively, in costs directly associated with the Transformation Program.

Restructuring costs and other charges increased for the three and six months ended June 30, 2019 compared to the same period in 2018 primarily due to an increase in the number of severed employees and the addition of transformation costs.

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PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES
OTHER NON-OPERATING INCOME AND EXPENSE

(\$ in millions)	For the three months ended June 30,		\$ Increase (Decrease)	% Increase (Decrease)
	2019	2018		
Investment and other income (loss), net	\$ (9)	\$ 5	\$ (14)	(280) %
Pension settlement	\$ -	\$ 25	\$ (25)	(100) %
Gain (loss) on extinguishment of debt	\$ -	\$ -	\$ -	100 %
Interest expense	\$ 383	\$ 385	\$ (2)	(1) %
Income tax benefit	\$ (534)	\$ (20)	\$ (514)	NM

(\$ in millions)	For the six months ended June 30,		\$ Increase (Decrease)	% Increase (Decrease)
	2019	2018		
Investment and other income (loss), net	\$ (18)	\$ 13	\$ (31)	(238) %
Pension settlement	\$ -	\$ 25	\$ (25)	(100) %
Gain (loss) on extinguishment of debt	\$ (20)	\$ 33	\$ (53)	(161) %
Interest expense	\$ 762	\$ 759	\$ 3	0 %
Income tax benefit	\$ (516)	\$ (7)	\$ (509)	NM

NM - Not meaningful

Investment and other income (loss), net

Investment and other income (loss), net for the six months ended June 30, 2019 included \$22 million of non-operating pension and OPEB expense and the six months ended June 30, 2018 included \$10 million of non-operating pension and OPEB income.

Gain (loss) on extinguishment of debt

During the six months ended June 30, 2019, Frontier recorded a loss on early extinguishment of debt of \$20 million, driven by the write-off of unamortized original issuance costs that were retired along with the Term Loan A and the 2016 CoBank Credit Agreement. Frontier recorded a gain on early extinguishment of debt of \$33 million for the six months ended June 30, 2018 driven primarily by discounts received on the retirement of certain notes, slightly offset by premiums paid to retire certain notes and write-off of unamortized original issuance costs.

Interest expense

Interest expense for the six months ended June 30, 2019 remained relatively flat as compared to the six months ended June 30, 2018. Our composite average borrowing rate as of June 30, 2019 and 2018 was 8.91% and 8.69%, respectively.

Income tax benefit

For the six months ended June 30, 2019, Frontier recorded income tax benefit of \$516 million on the pre-tax loss of \$5,920 million. The tax benefit was primarily driven by the tax impact of the goodwill impairment partially offset by recording a valuation allowance on certain deferred tax assets. The effective tax rates on our pretax loss for the six months ended June 30, 2019 was 8.7% compared with 138.7% for the pretax loss for the six months ended June 30, 2018. The lower rate for 2019 was driven by a higher pre-tax loss as compared to 2018 and the remeasurement of our net deferred tax liabilities driven by the enactment of the Tax Cuts and Jobs Act impacting the June 30, 2018 effective rate.

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PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES

Basic and diluted net loss attributable to Frontier common shareholders

Basic and diluted net loss attributable to Frontier common shareholders for the first six months of 2019 was \$(5,404) million, or \$(51.97) per

share, as compared to a net loss of \$(105) million, or \$(1.35) per share, in the first six months of 2018. For 2019, the increase in net loss was primarily driven by decreased revenues and the loss recognized on the early extinguishment of debt, partially offset by decreased operating expenses, loss on disposal of \$384 million and the \$5,449 million goodwill impairment charge.

PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES

(b) Liquidity and Capital Resources

Analysis of Cash Flows

As of June 30, 2019, we had unrestricted cash and cash equivalents aggregating \$267 million. Our primary source of funds during the six months ended June 30, 2019 was cash on hand, cash generated from operations, cash received from the issuance of our First Lien Notes, and borrowings on our Revolver. For the six months ended June 30, 2019, we used cash flow from operations, cash on hand, and borrowings to principally fund all of our cash investing and financing activities, which were primarily capital expenditures and debt repayments.

At June 30, 2019, we had a working capital surplus of \$314 million compared to a working capital deficit of \$1,231 million at December 31, 2018. The primary driver for the working capital surplus was the reclassification of assets and liabilities associated with our Northwest Operations held for sale.

Cash Flows provided by Operating Activities

Cash flows provided by operating activities decreased \$66 million to \$857 million for the six months ended June 30, 2019 as compared to the corresponding period in 2018. Our operating cash flows were negatively impacted by lower revenues, which were partially offset by lower expenses. The overall decrease in operating cash flows was primarily attributable to changes in working capital accounts.

We paid \$5 million in net cash taxes during each of the six months ended June 30, 2019 and June 30, 2018, respectively.

Cash Flows used by Investing Activities

Capital Expenditures

For the six months ended June 30, 2019 and 2018, our capital expenditures were \$580 million and \$618 million, respectively. Capital expenditures related to CAF Phase II are included in our reported amounts for capital expenditures.

Cash Flows used by Financing Activities

New Debt Issuances and Debt Reductions:

On March 15, 2019, Frontier completed a private offering of \$1,650 million aggregate principal amount of 8.00% First Lien Secured Notes due 2027 (the First Lien Notes). The First Lien Notes are guaranteed by each of the Company's subsidiaries that guarantees its senior secured credit facilities. The guarantees are unsecured obligations of the guarantors equal in right of payment to all of the guarantor's obligations under the Company's senior secured credit facilities and certain other permitted future senior indebtedness and senior in right of payment with all subordinated obligations of the guarantors. The First Lien Notes are secured on a first-priority basis by all the assets that secure Frontier's obligations under its senior secured credit facilities on a first-priority basis. Interest on the First Lien Notes is payable to holders of record semi-annually in arrears on April 1 and October 1 of each year, commencing October 1, 2019.

On March 19, 2018, Frontier completed a private offering of \$1,600 million aggregate principal amount of 8.50% Second Lien Secured Notes due 2026 (the Second Lien Notes). The Second Lien Notes are guaranteed by each of the Company's subsidiaries that guarantees its senior secured credit facilities. The guarantees are unsecured obligations of the guarantors and subordinated in right of payment to all of the guarantor's obligations under the Company's senior secured credit facilities and certain other permitted future senior indebtedness but equal in right of payment with all other unsubordinated obligations of the guarantors. The Second Lien Notes indenture provides that (a) the aggregate amount of all guaranteed obligations guaranteed by the guarantors are limited and shall not, at any time, exceed the lesser of (x) the principal amount of the Second Lien Notes then outstanding and (y) the Maximum Guarantee Amount (as defined in the Second Lien Notes indenture), and (b) for the avoidance of doubt, nothing in the Second Lien Notes indenture shall, on any date or from time to time, allow the aggregate amount of all such guaranteed obligations guaranteed by the guarantors to cause or result in the Company or any subsidiary violating any indenture governing the Company's existing senior notes.

PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES

The Second Lien Notes are secured on a second-priority basis by all the assets that secure Frontier's obligations under its senior secured credit facilities on a first-priority basis. The collateral securing the Second Lien Notes and the Company's senior secured credit facilities is limited to the equity interests of certain subsidiaries of the Company and substantially all personal property of Frontier Video Services, Inc. Interest on the Second Lien Notes is payable semi-annually in arrears on April 1 and October 1 of each year, commencing October 1, 2018. On July 3, 2018, the collateral package for the Second Lien Notes was amended to replace certain operating subsidiary equity pledges with pledges of the equity interests of certain direct subsidiaries of Frontier, consistent with amendments made to Frontier's credit agreements.

During the six months ended June 30, 2019, Frontier used cash on hand for the scheduled retirement of \$358 million principal amount of senior indebtedness. In addition, Frontier used the proceeds from the offering of First Lien Notes, together with cash on hand, to (i) repay in full the outstanding borrowings under the senior secured term loan A facility under the JPM Credit Agreement, which otherwise would have matured in March 2021, (ii) repay in full the outstanding borrowings under the 2016 CoBank Credit Agreement, which otherwise would have matured in October 2021, and (iii) pay related interest, fees and expenses.

During the six months ended June 30, 2018, Frontier used cash on hand for the scheduled retirement of \$83 million contractual payments of principal indebtedness and open market purchases of \$48 million of 8.125% senior notes due 2018. Additionally, Frontier used cash proceeds from the \$1,600 million Second Lien Notes offering and cash on hand to retire an aggregate principal amount of \$1,651 million senior unsecured notes prior to maturity, consisting of \$447 million of 8.50% senior notes due 2020, \$249 million of 8.875% senior notes due 2020, \$555 million of 6.250% senior notes due 2021, and \$400 million of 9.250% senior notes due 2021.

On July 3, 2018, the Company entered into Increase Joinder No. 2 to the JPM Credit Agreement, pursuant to which the Company borrowed an

incremental \$240 million under the Term Loan B maturing in 2024. The Company used the incremental borrowings to repay in full the 2014 CoBank Credit Agreement, repay a portion of the 2016 CoBank Credit Agreement and pay certain fees and expenses related to this incremental borrowing.

Capital Resources

We are highly leveraged, and a substantial portion of our liquidity needs will arise from debt service on our outstanding indebtedness and from funding the costs of operations, working capital and capital expenditures. Our primary sources of cash are cash flows from operations, cash on hand and proceeds from debt borrowings, including issues of long-term debt and \$850 million of borrowing capacity under our Revolver (as reduced by our Standby Letters of Credit outstanding under the JPM Credit Agreement). As of the date of filing, we believe our operating cash flows, existing cash balances, existing revolving credit facility and access to the capital markets, as necessary, will be adequate to finance our working capital requirements, fund capital expenditures, make required debt interest and principal payments, pay taxes and support our short-term and long-term operating strategies for at least the next twelve months. A number of factors, including but not limited to, losses of customers, pricing pressure from increased competition, challenges in achieving improvement in revenue and customer trends under our transformation program, lower subsidy and switched access revenues, and the impact of economic and industry conditions may negatively affect our cash generated from operations. We have \$9 million of debt maturing during the last six months of 2019, \$245 million of debt maturing in 2020, and \$327 million of debt maturing in 2021.

We may, from time to time, make repurchases of our debt in the open market, through tender offers, by exercising rights to redeem or prepay debt or in privately negotiated transactions. We may also undertake financing and other strategic transactions, including to refinance or restructure existing debt or exchange existing debt for newly issued debt obligations or equity securities. Approval of any such transaction would rest with our Board of Directors and would depend on market conditions, trading levels of the Company's debt from time to time, the Company's cash position, the limitations contained in our indentures and credit facilities, and other considerations. We cannot assure you if or when we will consummate any such transactions or the terms of any such transaction.

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PART I. FINANCIAL INFORMATION (Continued)

FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES

Term Loan and Revolving Credit Facilities

JP Morgan Credit Facilities:

On February 27, 2017, Frontier entered into a first amended and restated credit agreement with JPMorgan Chase Bank, N.A., as administrative agent, and the lenders party thereto, pursuant to which Frontier combined its revolving credit agreement, dated as of June 2, 2014, and its term loan credit agreement, dated as of August 12, 2015. Under the JPM Credit Agreement (as amended to date, the JPM Credit Agreement), Frontier has a \$1,740 million senior secured term loan B facility (the Term Loan B) maturing on June 15, 2024 and an \$850 million secured revolving credit facility maturing on February 27, 2024 (the Revolver). The maturities of the Term Loan B and the Revolver, in each case if still outstanding, will be accelerated in the following circumstances: (i) if, 91 days before the maturity date of any series of Senior Notes maturing in 2020, 2023 and 2024, more than \$500 million in principal amount remains outstanding on such series; or (ii) if, 91 days before the maturity date of the first series of Senior Notes maturing in 2021 or 2022, more than \$500 million in principal amount remains outstanding, in the aggregate, on the two series of Senior Notes maturing in such year. As of June 30, 2019, approximately \$227 million principal amount, in the aggregate, remains outstanding on the two series of senior notes maturing in 2020 and less than \$309 million principal amount, in the aggregate, remains outstanding on the two series of senior notes maturing in 2021.

The determination of interest rates for the Term Loan B and Revolver under the JPM Credit Agreement is based on margins over the Base Rate (as defined in the JPM Credit Agreement) or over LIBOR, at the election of Frontier. Interest rate margins on the Revolver (ranging from 1.00% to 2.00% for Base Rate borrowings and 2.00% to 3.00% for LIBOR borrowings) are subject to adjustment based on Frontier's Leverage Ratio (as defined in the JPM Credit Agreement). The interest rate on the Revolver as of June 30, 2019 was LIBOR plus 3.00%. Interest rate margins on the Term Loan B (2.75% for Base Rate borrowings and 3.75% for LIBOR borrowings) are not subject to adjustment. The security package under the JPM Credit Agreement includes pledges of the equity interests in certain Frontier subsidiaries and guarantees by certain Frontier subsidiaries. As of June 30, 2019, Frontier had borrowings of \$250 million outstanding under the Revolver (with letters of credit issued under the Revolver totaling \$81 million).

On March 15, 2019, Frontier used proceeds from the offering of First Lien Notes, together with cash on hand, to repay in full the outstanding borrowings under its \$1,625 million senior secured Term Loan A facility, which otherwise would have matured in March 2021, as described above under "New Debt Issuances and Debt Reductions."

In addition on March 15, 2019, Frontier amended the JPM Credit Agreement to, among other things, (i) extend the maturity date of the Revolver from February 27, 2022 to February 27, 2024 (subject to springing maturity to any tranche of our existing debt with an aggregate outstanding principal amount in excess of \$500 million), (ii) increase the interest rate applicable to such revolving loans by 0.25% and (iii) make certain modifications to the debt and restricted payment covenants.

CoBank Credit Facilities:

Frontier had a \$315 million senior term loan facility drawn in October 2016 (as amended to date, the 2016 CoBank Credit Agreement) with CoBank, ACB, as administrative agent, lead arranger and a lender, and the other lenders. On March 15, 2019, Frontier used proceeds from the offering of the First Lien Notes, together with cash on hand, to repay in full the outstanding borrowings under the 2016 CoBank Credit Agreement, which otherwise would have matured in October 2021.

Frontier had a separate \$350 million senior term loan facility drawn in 2014 (the 2014 CoBank Credit Agreement) with CoBank which was repaid in full on July 3, 2018, as described above under "New Debt Issuances and Debt Reductions."

Letters of Credit

Frontier has a Continuing Agreement for Standby Letters of Credit with Deutsche Bank AG New York Branch and Bank of Tokyo – Mitsubishi UFJ, LTD. (the LC Agreements). Frontier can also issue letters of credit under the Revolver up to a maximum of \$134 million. As of June 30, 2019, \$70 million of Standby Letters of Credit had been issued under the LC Agreements and \$81 million Standby Letters of Credit had been issued under the Revolver. In July 2019, a \$20 million Letter of Credit issued under the Bank of Tokyo LC agreement was replaced by a Letter of Credit issued under the Revolver. These Standby Letters of Credit are issued primarily in relations to supporting the

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PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES

Company's workers compensation insurance programs. Borrowings under the LC Agreements are secured by a security package identical to those contained in the JPM Credit Agreement.

Covenants

The terms and conditions contained in our indentures and the JPM Credit Agreement include the timely payment of principal and interest when due, the maintenance of our corporate existence, keeping proper books and records in accordance with GAAP, restrictions on the incurrence of liens on our assets securing indebtedness and our subsidiaries' assets, restrictions on the incurrence of indebtedness by our subsidiaries, restrictions on asset sales and transfers, mergers and other changes in corporate control and restrictions on dividends and distributions, each subject to important qualifications and exceptions.

As of June 30, 2019, we were in compliance with all of our indenture and credit facility covenants.

Preferred Dividends

Holders of our Series A Preferred Stock were entitled to receive cumulative dividends at an annual rate of 11.125% of the initial liquidation preference of \$100 per share, or \$11.125 per year per share. Series A Preferred Stock dividends of \$107 million were paid during 2018. Each share of Series A Preferred Stock automatically converted into 1.3333 shares of our common stock on June 29, 2018.

Off-Balance Sheet Arrangements

We do not maintain any off-balance sheet arrangements, transactions, obligations or other relationships with unconsolidated entities that would be expected to have a material current or future effect upon our financial statements.

Future Commitments

In April 2015, the FCC released its right of first refusal offer of support to price cap carriers under the CAF Phase II program, which is intended to provide long-term support for broadband in high cost unserved or underserved areas. In June 2015, Frontier accepted the CAF Phase II offer, which provides for \$332 million in annual support through 2020, including \$49 million in annual support related to the properties acquired in the CTF Acquisition, to make available 10 Mbps downstream/1 Mbps upstream broadband service to approximately 774,000 households across some of the 29 states where we operate.

To the extent we do not enable the required number of households with 10 Mbps downstream/1 Mbps upstream broadband service by the end of the CAF Phase II term or we are unable to satisfy other FCC CAF Phase II requirements, Frontier would be required to return a portion of the funds previously received.

Critical Accounting Policies and Estimates

The preparation of our financial statements requires management to make estimates and assumptions. There are inherent uncertainties with respect to such estimates and assumptions; accordingly, it is possible that actual results could differ from those estimates and changes to estimates could occur in the near term.

These critical accounting estimates have been reviewed with the Audit Committee of our Board of Directors.

Indefinite-lived Intangibles

Our indefinite-lived intangibles consist primarily of goodwill, which was generated as a result of business combinations. We test for impairment of these assets annually as of December 31, or more frequently, whenever events occur, or facts and circumstances change that make it more likely than not that the fair value of a reporting unit has been reduced below its carrying amount. Events that might indicate impairment include, but are not limited to, strategic decisions made in response to economic and competitive conditions, the impact of the economic environment on our customer base, material negative changes in relationships with significant customers, and/or a significant decline in our stock price for a sustained period.

In accordance with ASU 2017-04, our goodwill impairment tests consist of comparing the fair value of our reporting unit to its carrying value. To the extent that the carrying value exceeds fair value, an impairment will be recognized.

PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES

Our quantitative assessment consists of using a market multiples approach to determine Frontier's enterprise fair value. Marketplace comparisons, analyst reports and trends for other public companies within the telecommunications industry whose service offerings are comparable to ours have a range of fair value multiples between 4.1x and 7.6x of annualized expected EBITDA. At June 30, 2019, we estimated the enterprise fair value using an EBITDA multiple of 4.4x.

During 2019, the trading price of our common stock declined to historically low levels and we realized a significant deterioration in the outlook of our business. As a result, we tested goodwill for impairment as of June 30, 2019. Our quantitative assessment indicated that the carrying value of the enterprise exceeded its fair value and, therefore, an impairment existed. We recorded a goodwill impairment of \$5,449 million for the second quarter of 2019. This impairment reflected a lower enterprise valuation driven by lower profitability as well as a reduction in the utilized market multiple from 5.3x at December 31, 2018 to 4.4x at June 30, 2019. This reflects, among other things, pressures on our business resulting in a continued deterioration in revenue, challenges in achieving improvements in revenue and customer trends under our transformation program, the long-term sustainability of our capital structure, and the lower outlook for our industry as a whole.

The market multiples approach we use incorporates significant estimates and assumptions related to our forecasted profitability, principally revenue and operating expenses. Our assessment also includes certain qualitative factors that require significant judgment, including challenges in achieving improvements in revenue and customer trends under our transformation program, the amount and timing of other anticipated transformation benefits, and uncertainty regarding the timing and successor to the FCC's CAF Phase II program. Alternative interpretations of these factors could have resulted in different conclusions regarding the need for, or size of, an impairment. Continued declines in our profitability, cash flows, trading price of our common stock and debt securities or lower outlook across our industry (leading possibly to the application of lower market multiples) may result in further impairment.

The enterprise fair value is sensitive to the amount of EBITDA generated by Frontier and the EBITDA multiple used in the calculation. Significant changes in the assumptions or estimates used in our impairment analyses, such as a reduction in profitability and/or cash flows, could result in a non-cash goodwill and indefinite-lived intangible asset impairment charge and materially affect our operating results. The market multiples approach is sensitive to changes in the estimated annual EBITDA. A decline in the estimated annual EBITDA of \$100 million or a ten-basis point drop in the EBITDA multiple used would each result in a decline in the enterprise fair value that would result in the impairment of the remaining \$276 million goodwill balance as of June 30, 2019. Sustained low trading prices for our common stock could also

affect the reconciliation of our market capitalization and indicate further impairment.

We also considered whether the carrying values of finite-lived intangible assets and property plant and equipment may not be recoverable or whether the carrying value of certain finite-lived intangible assets were impaired, noting no impairment was present as of June 30, 2019.

Other than those discussed above, there have been no material changes to our critical accounting policies and estimates from the information provided in Item 7. "Management Discussion and Analysis of Financial Condition and Results of Operations" included in our Annual Report on Form 10-K for the year ended December 31, 2018.

Recent Accounting Pronouncements

See Note 2 of the Notes to Consolidated Financial Statements included in Part I of this report for additional information related to recent accounting literature.

PART I. FINANCIAL INFORMATION (Continued) **FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES**

Regulatory Developments

In 2015, Frontier accepted the FCC's CAF Phase II offer in 29 states, which provides \$332 million in annual support through 2020 in return for the company's commitment to make broadband available to approximately 774,000 locations within Frontier's footprint. The CAF Phase II program is intended to provide long-term support for carriers for establishing and providing broadband service with at least 10 Mbps downstream/1 Mbps upstream speeds in high-cost unserved or underserved areas. CAF Phase II support is a successor to the approximately \$198 million in annual USF frozen high-cost support that Frontier used to receive prior to CAF II. In addition to the annual support levels, these amounts also include frozen support phasedown amounts in states where the annual CAF II funding is less than the prior annual frozen high-cost support funding. Phasedown funding provided to Frontier was complete as of December 31, 2018.

On August 1, 2019, the FCC adopted a notice of proposed rulemaking to establish the Rural Digital Opportunity Fund (RDOF), the next phase of the CAF program. In the notice, the FCC proposes two auctions totaling \$20.4 billion of support over ten years. In the first auction, the FCC would offer up to \$16 billion in support over ten years (\$1.6 billion annually) for an estimated 3.9 million locations that the FCC knows do not have access to speeds of at least 25/3 Mbps based on the FCC's current maps. Then, after the FCC is able to update its maps with more granular broadband availability information, the FCC would hold a second auction for any remaining locations with the remaining funding, at least \$4.4 billion. Recognizing that the RDOF auction is unlikely to conclude before the end of the sixth year of CAF Phase II support (year-end 2020), and recognizing that CAF recipients are entitled to a seventh year of support if they are not successful in the RDOF auction, the notice asks questions about the timing of and how this seventh year of transitional support should be paid. This notice represents the first step in the Commission's process towards adopting the RDOF, with parties having an opportunity to comment, and with the FCC having to adopt an order and multiple public notices before moving forward with an auction. While the RDOF has not been finalized, its final form could result in a material change in the level of funding that Frontier receives from the FCC under CAF II as early as 2021.

In September 2018, Frontier filed applications to be eligible to bid in two upcoming FCC spectrum auctions—Auction 101 (28 GHz) and Auction 102 (24 GHz) and ultimately placed bids in Auction 101. Frontier won three 28 GHz licenses, two in Indiana and one in West Virginia, and the company plans to test millimeter wave fixed wireless technology with these licenses.

On April 20, 2017, the FCC issued an Order that significantly altered how Commercial Data Services are regulated. Specifically, the Order adopted a test to determine, on a county-by-county basis, whether price cap ILECs, like Frontier's DS1 and DS3 services, will continue to be regulated. The test resulted in deregulation in a substantial number of our markets and is allowing Frontier to offer its DS1 and DS3 services in a manner that better responds to the competitive marketplace and allows for commercial negotiation. The areas that remain regulated may be subject to price fluctuations depending upon the price cap formula that year. Multiple parties appealed the Order in the 8th Circuit Court of Appeals. The Court of Appeals issued a ruling August 28, 2018, which upheld the vast majority of the FCC's decision easing regulation of business data services of internet service providers and vacated and remanded one piece of the Order back to the FCC. On October 10, 2018, the FCC filed a Motion to Stay the Court's Decision. Frontier cannot predict the extent to which these regulatory changes could affect revenues at this time. On July 10, 2019, the FCC issued an Order reinstating its original decision regarding transport that was remanded by the 8th Circuit due to lack of notice. While this Order cures the lack of notice cited by the 8th Circuit, Frontier cannot predict whether parties may again appeal the decision.

In September 2018, California network neutrality legislation was signed into law. The California legislation aims to reimpose the provisions of the FCC's 2015 Network Neutrality decision. The Department of Justice has filed a lawsuit against California, stating that it attempts to govern interstate commerce, which is a federal matter outside the state's jurisdiction. Four Industry Associations representing Internet Service Providers (USTelecom, CTIA, NCTA and ACA) have also filed suit. The California Attorney General has agreed to delay implementing the California law until the federal lawsuit is resolved. Frontier cannot predict the outcome of this litigation and, although Frontier's current practices comply with the California law, the extent to which regulatory changes associated with the California law could affect revenues at this time. A number of additional states are currently considering Network Neutrality legislation during their 2019 legislative sessions.

PART I. FINANCIAL INFORMATION (Continued) **FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES**

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risk in the normal course of our business operations due to ongoing investing and funding activities, including those associated with our pension plan assets. Market risk refers to the potential change in fair value of a financial instrument as a result of fluctuations in interest rates and equity prices. We do not hold or issue derivative instruments, derivative commodity instruments or other financial instruments for trading purposes. As a result, we do not undertake any specific actions to cover our exposure to market risks, and we are not party to any market risk management agreements other than in the normal course of business. Our primary market risk exposures from interest rate risk and equity price risk are as follows:

Interest Rate Exposure

Our exposure to market risk for changes in interest rates relates primarily to the interest-bearing portion of our pension investment portfolio and the related actuarial liability for pension obligations, as well as our floating rate indebtedness. As of June 30, 2019, 88% of our total debt had fixed interest rates. We had no interest rate swap agreements in effect at June 30, 2019. We believe that our currently outstanding obligation exposure to interest rate changes is minimal. Our objectives in managing our interest rate risk are to limit the impact of interest rate changes on earnings and cash flows and to lower our overall borrowing costs. To achieve these objectives, 12% of our outstanding borrowings at June 30, 2019 have floating interest rates. The annual impact of 100 basis points change in the LIBOR would result in approximately \$20 million of additional interest expense. Our \$850 million revolving credit facility has interest rates that float with the LIBOR, as defined. Consequently, we have limited material future earnings or cash flow exposures from changes in interest rates on our debt. An adverse change in interest rates would increase the amount that we pay on our variable rate obligations and could result in fluctuations in the fair value of our fixed rate obligations. Based upon our overall interest rate exposure, a near-term change in interest rates would not materially affect our consolidated financial position, results of operations or cash flows.

At June 30, 2019, the fair value of our total debt was estimated to be approximately \$12.8 billion, based on quoted market prices, our overall weighted average borrowing rate was 8.91% and our overall weighted average maturity was approximately seven years. As of June 30, 2019, there has been no significant change in the weighted average maturity applicable to our obligations since December 31, 2018.

Equity Price Exposure

Our exposure to market risks for changes in equity security prices as of June 30, 2019 is limited to our pension plan assets. We have no other security investments of any significant amount.

Our Pension Plan assets increased from \$2,348 million at December 31, 2018 to \$2,621 million at June 30, 2019, an increase of \$273 million, or 12%. This increase was a result of contributions of \$71 million and positive investment returns (net of investment management and administrative fees) of \$338 million, partially offset by benefit payments of \$136 million.

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PART I. FINANCIAL INFORMATION (Continued) **FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES**

Item 4. Controls and Procedures

(a) Evaluation of disclosure controls and procedures

We carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, regarding the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended). Based upon this evaluation, our principal executive officer and principal financial officer concluded, as of the end of the period covered by this report, June 30, 2019, that our disclosure controls and procedures were effective.

(b) Changes in internal control over financial reporting

The adoption of ASC 842 requires the implementation of new accounting policies and processes, including enhancements to our information systems, which changed the Company's internal controls over financial reporting for lease standard and related disclosures. Other than the above noted change, there have been no changes in our internal control over financial reporting identified in an evaluation thereof that occurred during the second fiscal quarter of 2019 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II. OTHER INFORMATION **FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES**

Item 1. Legal Proceedings

On April 30, 2018, an amended consolidated class action complaint was filed in the United States District Court for the District of Connecticut on behalf of certain purported stockholders against Frontier, certain of its current and former directors and officers and the underwriters of certain Frontier securities offerings. The complaint was brought on behalf of all persons who (1) acquired Frontier common stock between February 6, 2015 and February 28, 2018, inclusive, and/or (2) acquired Frontier common stock or Mandatory Convertible Preferred Stock either in or traceable to Frontier's offerings of common and preferred stock conducted on or about June 2, 2015 and June 8, 2015. The complaint asserted, among other things, violations of Section 10(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Rule 10b-5 thereunder, Section 20(a) of the Exchange Act and Sections 11 and 12 of the Securities Act of 1933, as amended, in connection with certain disclosures relating to the CTF Acquisition. The complaint sought, among other things, damages and equitable and injunctive relief. On March 8, 2019, the District Court granted in its entirety Frontier's motion to dismiss the complaint. The District Court dismissed with prejudice a number of claims and with respect to certain other claims that were not dismissed with prejudice, Plaintiffs were permitted to seek the court's permission to refile. On May 10, 2019, Plaintiffs filed a motion for leave to amend along with a proposed amended complaint that is narrower in scope than the dismissed complaint. We continue to dispute the allegations and intend to vigorously defend against such claims. In addition, shareholders have filed derivative complaints on behalf of the Company in Connecticut, California, and Delaware courts. The derivative complaints are based, generally, on the same facts asserted in the consolidated class action complaint and allege against current and former officers and directors of the Company (i) breach of fiduciary duty claims for disseminating false and misleading information to shareholders, failure to manage internal controls, and failure to oversee and manage the company; (ii) unjust enrichment and waste of corporate assets claims; and (iii) violations of Section 14(a) of the Exchange Act for the false and misleading statements. We also dispute the allegations in the derivative complaints described above and intend to vigorously defend against such claims. Given that all of these matters are in the early stages of litigation, we are unable to estimate a reasonably possible range of loss, if any, that may result.

We are currently defending an intellectual property lawsuit initiated by Sprint Communications which alleges that the VoIP services that we offer to our customers infringe on certain of the plaintiff's patents. While we intend to defend this lawsuit vigorously, we cannot at this time

predict the outcome of this lawsuit or reasonably estimate a possible range of loss.

In addition, we are party to various other legal proceedings (including individual, class and putative class actions as well as federal and state governmental investigations) arising in the normal course of our business covering a wide range of matters and types of claims including, but not limited to, general contracts, billing disputes, rights of access, taxes and surcharges, consumer protection, trademark and patent infringement, employment, regulatory, tort, claims of competitors and disputes with other carriers. Such matters are subject to uncertainty and the outcome of individual matters is not predictable. However, we believe that the ultimate resolution of these matters, after considering insurance coverage or other indemnities to which we are entitled, will not have a material adverse effect on our financial position, results of operations, or cash flows.

PART II. OTHER INFORMATION FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES

Item 1A. Risk Factors

Other than the risk factors set forth below, there were no material changes from the risk factors previously disclosed in Item 1A Part I in Frontier's Annual report on Form 10-K for the fiscal year ended December 31, 2018.

If our transformation program and other initiatives are unsuccessful, we may be unable to stabilize or grow our revenues and cash flows.

We must produce adequate revenues and operating cash flows that, when combined with cash on hand and funds available under our revolving credit facility and other financings, will be sufficient to service our debt, fund our capital expenditures, pay our taxes, and fund our pension and other employee benefit obligations. We continue to experience revenue declines as compared to prior years.

In 2018, we established a transformation program with the objective of improving revenues, profitability, and cash flows by enhancing our operations and customer service and support processes. This program is a multi-year, comprehensive, strategic program that requires significant resources and may divert attention from ongoing operations and other strategic initiatives. We have experienced significant challenges in achieving improvements in revenue and customer trends under this transformation program and in the second quarter of 2019 significantly reduced our forecast for the long-term program results. Given the reductions in the transformation program targets, we must seek other paths to reduce expenses and/or improve revenue performance. If the transformation program or other initiatives are unsuccessful, it could have a material adverse effect on our financial position and our results of operations.

In recent years we have had a significant amount of goodwill and other intangible assets on our balance sheet. We recorded goodwill impairments in 2017, 2018 and in the second quarter of 2019, resulting in significant non-cash charges to earnings and reductions in our stockholders' equity. We cannot assure you that our remaining goodwill or other intangible assets will not become further impaired.

Under generally accepted accounting principles, intangible assets are reviewed for impairment on an annual basis or more frequently whenever events or circumstances indicate that their carrying value may not be recoverable. Frontier monitors relevant circumstances, including general economic conditions, enterprise value EBITDA multiples for other providers of communications services, our overall financial performance, the market prices for our stock, and the potential impact that changes in such circumstances might have on the valuation of Frontier's goodwill or other intangible assets. On a quarterly basis we evaluate goodwill to assess possible triggering events which would be indicative of possible impairment. The continued decline in the share price of our common stock resulted in a triggering event in each quarter of 2017, the final three quarters of 2018 and the second quarter of 2019.

Our quantitative assessments in the third and fourth quarters of 2018 and the second and fourth quarters of 2017 indicated that the carrying value of the enterprise exceeded its fair value and, therefore, an impairment existed. We recorded goodwill impairments totaling \$641 million for 2018 and \$2,748 million for 2017. Most recently, our quantitative assessment in the second quarter of 2019 indicated that an impairment existed, and we recorded a goodwill impairment totaling \$5,449 million. This impairment was largely driven by a lower enterprise valuation utilized in our testing which reflects, among other things, pressures on our business resulting in a continued deterioration in revenue, challenges in achieving improvements in revenue and customer trends under our transformation program, the long-term sustainability of our capital structure, and the lower outlook for our industry as a whole. If our remaining goodwill or other intangible assets are determined to be further impaired in the future, we may be required to record a non-cash charge to earnings during the period in which the impairment is determined, which would further reduce our stockholders' equity.

PART II. OTHER INFORMATION FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES

A portion of Frontier's revenues are derived from federal and state subsidies, including support under the FCC's CAF II program. To the extent the federal or any state government reduces such subsidies, or we are not successful in obtaining future subsidies, our operating income could be materially and adversely impacted.

A portion of Frontier's total revenues (\$378 million, or 4%, in 2018 and \$395 million, or 4%, in 2017) are derived from federal and state subsidies for rural and high-cost support, that consists primarily of CAF II support, as well as Federal High Cost support and various state subsidies. Federal subsidies represented approximately 93% of subsidy revenue in 2018 and 92% in 2017, with the remainder being state subsidies. The FCC's 2011 Order changed how federal subsidies are calculated and disbursed. These changes transitioned the USF (Universal Service Fund), which supported voice services in high-cost areas, to the CAF (Connect America Fund), which supports broadband deployment in high-cost areas. In 2015, we accepted the FCC's CAF Phase II offer in 29 states, which provides Frontier \$332 million in annual support through 2020 in return for our commitment to make broadband available in specified locations. On August 1, 2019, the FCC adopted

proposed rulemaking for the next phase of the CAF program, the Rural Digital Opportunity Fund (RDOF). While the timing and implementation of RDOF are still being developed, we expect that the program design will not be as favorable to Frontier as CAF II. We cannot predict the timing or extent to which Frontier will participate in or receive support under the proposed RDOF program and this program could result in a material change in the level of funding that Frontier receives from the FCC under CAF II as early as 2021.

Frontier is required to contribute to the USF and the FCC allows Frontier to recover these contributions through a USF surcharge on customers' bills. This surcharge accounted for \$213 million of revenue in 2018 and \$216 million in 2017.

Future reductions in these subsidies, the inability to replace a substantial portion of our CAF II funding, or our inability to recover USF contributions, could have a material adverse effect on our business or results of operations.

We are a highly leveraged company, facing significant operational and industry challenges, and we may be unable to repay, refinance or restructure our indebtedness, on commercially reasonable terms or at all.

We are a highly leveraged company and face significant operational and industry challenges. Pressures on our business are resulting in a continued deterioration in revenue and liquidity and there is a lower outlook for our industry as a whole. In addition, we have experienced significant challenges in achieving improvements in revenue and customer trends under our transformation program. If we do not generate sufficient cash flows from operations, or have future borrowings available under our credit facility or from other sources sufficient to enable us to make our debt payments or to fund other liquidity needs, we may need to refinance all or a portion of our indebtedness before maturity. Acceleration of these or other negative trends affecting our business, revenue and liquidity could force us to restructure our debt. We may also voluntarily refinance or restructure indebtedness as part of our commitment to reducing debt, improving our leverage profile and enhancing stakeholder value. We cannot assure you if or when we will consummate any such refinancing or restructuring transactions and any such transactions could be unsuccessful or could have a negative impact on our business, revenues or liquidity.

We may not have or be able to obtain sufficient funds to enable us to repay or refinance our debt obligations, including our senior notes and credit facilities, as they become due. Failure to repay or refinance our debt obligations on a timely basis could result in a default under the agreements governing any such debt and under other agreements containing cross-default provisions. A default would permit lenders to accelerate the maturity of the debt under these agreements and to foreclose upon any collateral securing the debt. Under these circumstances, we might not have sufficient funds or other resources to satisfy all of our obligations, which could have serious consequences to our business financial condition and results of operations and could cause us to become bankrupt or insolvent.

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Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

There were no unregistered sales of equity securities during the quarter ended June 30, 2019.

ISSUER PURCHASES OF EQUITY SECURITIES

<u>Period</u>	<u>Total Number of Shares Purchased</u>	<u>Average Price Paid per Share</u>	
April 1, 2019 to April 30, 2019			
Employee Transactions ⁽¹⁾	15,117	\$	2.08
May 1, 2019 to May 31, 2019			
Employee Transactions ⁽¹⁾	12,796	\$	2.15
June 1, 2019 to June 30, 2019			
Employee Transactions ⁽¹⁾	-	\$	-
Totals April 1, 2019 to June 30, 2019			
Employee Transactions ⁽¹⁾	27,913	\$	2.11

⁽¹⁾ Includes restricted shares withheld (under the terms of grants under employee stock compensation plans) to offset minimum tax withholding obligations that occur upon the vesting of restricted shares. Frontier's stock compensation plans provide that the value of shares withheld shall be the average of the high and low price of our common stock on the date the relevant transaction occurs.

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Item 6. Exhibits

(a) Exhibits:

- 2.1 [Purchase Agreement, dated as of May 28, 2019, between Frontier Communications Corporation, Frontier Communications ILEC Holdings LLC and Northwest Fiber, LLC \(filed as Exhibit 2.1 to Frontier's Current Report on Form 8-K filed on May 29, 2019\).*](#)
- 3.1 [Certificate of Designations of Series B Preferred Stock of Frontier Communications Corporation, as filed with the Secretary of State of the State of Delaware on July 1, 2019 \(filed as Exhibit 3.1 to Frontier's Current Report on Form 8-K filed on July 1, 2019\).*](#)
- 3.2 [Bylaws of Frontier Communications Corporation, as amended May 7, 2019 \(filed as Exhibit 3.1 to Frontier's](#)

4.1	Current Report on Form 8-K filed on May 9, 2019.* Section 382 Rights Agreement, dated as of July 1, 2019, between Frontier Communications Corporation and Computershare Trust Company, N.A., as rights agent (filed as Exhibit 4.1 to Frontier's Current Report on Form 8-K filed on July 1, 2019).*
10.1	Offer of Employment Letter, dated June 7, 2019, between Frontier and Sheldon L. Bruha
10.2	Severance Agreement, dated August 2, 2019, between Frontier and Daniel J. McCarthy
10.3	Form of Severance Agreement for Frontier's Senior Leadership Team
31.1	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
32	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.PRE	XBRL Taxonomy Presentation Linkbase Document.
101.CAL	XBRL Taxonomy Calculation Linkbase Document.
101.LAB	XBRL Taxonomy Label Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.

* Incorporated by reference

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FRONTIER COMMUNICATIONS CORPORATION

By: /s/ Donald Daniels

Donald Daniels

Senior Vice President and Chief Accounting Officer
(Principal Accounting Officer)

Date: August 7, 2019

[\(Back To Top\)](#)

Section 2: EX-10.1 (EX-10.1)

Exhibit 10.1

June 7, 2019

RE: Sheldon L. Bruha

Dear Sheldon,

On behalf of the Board of Directors of Frontier Communications Corporation (the "Company"), I am pleased to confirm the terms of your promotion effective June 3, 2019 to the position of **Executive Vice President, Chief Financial Officer**, continuing to report to Dan McCarthy, EVP, President and Chief Executive Officer.

Your executive compensation program includes **four** principle components:

- 1) **Annual base salary** of **\$550,000** (less applicable taxes) paid on a semi-monthly basis.
- 2) **Cash bonus** under the Frontier Bonus Plan ("FBP") with an annual target incentive of **100%** of your annual base salary (initially **\$550,000**). The actual award will be paid out based on Company and individual performance.
 - In 2019, the FBP payouts are based on quarterly results (in which the target bonus is one-quarter of your annual target, initially \$137,500). As such, you will be eligible to receive a quarterly bonus based on your new base salary and bonus target percent beginning with the second quarter in 2019. For any 2019 payouts, this award is subject to a recapture provision such that, if you leave voluntarily or involuntarily for cause from now up until the earlier of the fourth quarter bonus payout or March 15, 2020, you will have to repay any awards paid for the second, third and fourth quarters of 2019 to the Company according to the provisions detailed in the Recapture Agreement as shown on Exhibit 1.
- 3) **Restricted Stock/Cash Awards**. The annual target for your position is currently **\$900,000**. This award is

typically granted as restricted cash that vest in three equal annual installments (33.3% per year), commencing one year from the date of grant subject to continued employment and all other provisions of the grant agreement. Annual grants are generally made in Mid-February of each year with the next grant date anticipated to be in February of 2020. Frontier and its Board reserve the right to modify or discontinue the grants of restricted stock.

- For 2019, you will be awarded a **\$550,000** Retention Award to be paid up-front in cash shortly after receipt of your fully executed Recapture Agreement in Exhibit 1. This Retention Award is subject to recapture provisions such that, if you leave voluntarily or involuntarily for cause from now until February 12, 2022, you will have to repay all or a portion of the award to the Company according to the provisions detailed in the Recapture Agreement as shown on Exhibit 1.
- 4) **Long-Term Performance Awards** under Frontier's Long-Term Incentive Plan (the "LTIP"), with an annual performance target valued at **\$600,000**. The LTIP target is an annual grant that is typically paid out based on Frontier's performance over a three-year period (initially, 2020-2022). You will earn performance awards at the end of each three-year period based on Frontier's performance over the three-year measurement period on the metrics for that award subject to continued employment and all other provisions of the grant agreement. Frontier and its Board reserve the right to modify or discontinue the grants of Long-Term Performance Awards.

- For 2019, you will be awarded a **Performance Retention Award (“PRA”) Target of \$150,000 per quarter** beginning in the second quarter of 2019 for a total target for the second, third and fourth quarters in 2019 of \$450,000. Any payouts will be in cash and based on quarterly goals and performance in the same manner and with the same metrics as your 2019 FBP Incentive. The PRA is subject to a recapture provision such that, if you leave voluntarily or involuntarily for cause from now until February 12, 2022, you will have to repay all or a portion of the award to the Company according to the provisions detailed in the Recapture Agreement as shown on Exhibit 1.

As part of this promotion, you will also be awarded a one-time grant of **100,000 restricted shares of stock**, on June 6, 2019. Restricted shares of common stock will vest in three equal annual installments (33.3% per year), commencing one year from the date of grant subject to continued employment and all other provisions of the grant agreement.

Your original Non-Disclosure Agreement dated November 27, 2017 continues to apply.

As a member of our Senior Leadership Team (SLT), you are also eligible to receive severance in the case of involuntary termination not for cause or voluntary termination for good reason in the amount and form as the other members of the SLT and as shown in Exhibit 2.

Frontier reserves the right to implement or discontinue executive compensation plans at its own discretion. Eligibility for any given plan does not guarantee award values since Frontier’s Executive Compensation Program is based on performance of Frontier and the executive. Further, awards are subject to the terms and conditions of Frontier’s compensation plans.

This offer is not an express or implied contract, promise or guarantee of employment, of any particular position, or of any particular term or condition of employment. Your employment by Frontier is at will and is subject to the conditions set forth in Frontier’s Code of Conduct as well as all other Frontier policies and plans and applicable Federal, State and local laws.

Congratulations on your promotion. To acknowledge your acceptance of this offer, please sign the bottom of this offer letter and email a scanned copy back to the Compensation team. Please return the original signed offer letter as soon as convenient.

Sincerely,



Elisa Bannon-Jones
EVP, Chief Human Resources Officer
Frontier Communications Corporation

Acceptance of Offer

By signing below, I hereby agree to the provisions of this letter. I understand that I will continue to be an at-will employee and I will not have a contract of employment with the Company for a specified period of time. I further agree to abide by policies and procedures established by the Company. I understand and agree that my signature below represents that I understand the terms outlined above and attached in Exhibits 1 and 2 and also signifies my willingness to abide by said terms both during and after my employment as may be applicable. Additionally, by signing below, I hereby represent that I am not subject to any contractual restriction(s) with any current or former employer, or any other entity, that would prevent me from accepting this offer of employment without actual or possible breach of such contractual restriction(s).

/s/ Sheldon L. Bruha

Sheldon L. Bruha

June 7, 2019

Date

**Recapture Agreement
2019 Frontier Bonus Plan (FBP), Performance Retention Award (PRA) and
Retention Award**

This agreement is made as of June 6, 2019 (“Date of Award”) between Frontier Communications Corporation, a Delaware corporation (the “Company”) and **Sheldon L. Bruha** (the “Grantee”). The Company and the Grantee agree as follows:

1. FBP Awards. Notwithstanding anything in the Frontier Bonus Plan to the contrary, the Grantee agrees to repay to the Company any payments that have been received by the Grantee for the second and third quarter performance during 2019 if the Grantee leaves voluntarily for any reason or involuntarily for Cause as defined in Section 5 below, in either case, before the earlier of March 15, 2020 or the payout of the fourth quarter 2019 bonus. If the repayment is made during 2019, the Company will adjust the Grantee’s final W-2 to reflect that the payments were not made. If the repayment is made in 2020, the repayment will be made on an after-tax basis, so that you will repay the applicable portion of only your net, post-tax award.
2. Performance Retention Award (PRA). The Performance Retention Award can be earned based on quarterly goals and performance in the same manner and with the same metrics as your 2019 FBP Incentive. Notwithstanding anything in the following sentence to the contrary, the Committee has implemented a recapture provision on this Award such that if you leave voluntarily for any reason or involuntarily for Cause, in either case, before the earlier of March 15, 2020 or the fourth quarter 2019 payment, if any, you must repay to the Company the sum of all 2019 PRA payouts you have received during the year. Further, you must repay to the Company 2/3rd or 1/3rd of the Award if you leave voluntarily for any reason or involuntarily for Cause, in either case, between February 13, 2020 and February 12, 2021 (2/3 repayment) or February 13, 2021 and February 12, 2022 (1/3 repayment) as the case may be. If the repayment is made during 2019, the Company will adjust the Grantee’s final W-2 to reflect that the payments were not made. If the repayment is made in 2020 or later, the repayment will be made on an after-tax basis, so that you will repay the applicable portion of only your net, post-tax award.
3. The Retention Award. The Retention Award will be fully paid to you shortly after the Company receives this fully executed Recapture Agreement from you. The Committee has implemented a recapture provision on this Award such that if you leave voluntarily for any reason or involuntarily for Cause, in either case, prior to February 12, 2020 you must repay to the Company the full Award value. Further, you must repay to the Company 2/3rd or 1/3rd of the Award if you leave voluntarily for any reason or involuntarily for Cause, in either case, between February 13, 2020 and February 12, 2021 (2/3 repayment) or February 13, 2021 and February 12, 2022 (1/3 repayment) as the case may be. If the repayment is made during 2019 the Company will adjust the Grantee’s final W-2 to reflect that the payments were not made. If the repayment is made in 2020 or later, the repayment will be made on an after-tax basis, so that you will repay the applicable portion of only your net, post-tax award.
4. Tax Withholding. The Company may withhold from any and all amounts payable to you such federal, state and local taxes as the Company determines in its sole discretion may be required.
5. Cause. “Cause” means your (a) willful and continued failure (other than as a result of physical or mental illness or injury) to perform your material duties to the Company or its subsidiaries which continues beyond 10 days after a written demand for substantial performance is delivered to you by the Company, which demand shall identify and describe each failure with sufficient specificity to allow you to respond,

(b) willful or intentional conduct, including but not limited to Misconduct, that causes material and demonstrable injury, monetary or otherwise, to the Company or conviction of, or a plea of nolo contendere to, a crime constituting (i) a felony under the laws of the United States or any State thereof, or (ii) a misdemeanor involving moral turpitude. For these purposes, no act or failure to act on your part shall be considered "willful" or "intentional" unless it is done or omitted to be done by you in bad faith and without reasonable belief that your action or inaction was in the best interests of the Company. Any act or failure to act based upon authority given pursuant to a resolution duly adopted by the Board of Directors or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by you in good faith and in the best interests of the Company.

"Misconduct" means any of the following, as determined by the Committee in good faith: (i) violating any agreement between the Company and the Grantee, including but not limited to a violation relating to the disclosure of confidential information or trade secrets, the solicitation of employees, customers, suppliers, licensors or contractors, or the performance of competitive services; (ii) competing with the company by working for, managing, operating, controlling or participating in the ownership, operation or control of, any company or entity which provides telephone, Internet or video products or services, (iii) violating the Company's Code of Business Conduct and Ethics; (iv) making, or causing or attempting to cause any other person to make, any statement (whether written, oral or electronic), or conveying any information about the Company which is disparaging or which in any way reflects negatively upon the Company, unless required by law or pursuant to a Company policy; (v) improperly disclosing or otherwise misusing any confidential information regarding the Company; (vi) unlawful trading in the Company's securities or of another company based on information gained as a result of the Grantee's employment or other relationship with the Company; (vii) engaging in any act which is considered to be contrary to the best interests of the Company, including but not limited to recruiting or soliciting employees of the Company; or (viii) commission of a felony or other serious crime; or (ix) engaging in any activity which constitutes gross misconduct including, but not limited to, sexual harassment.

6. Death and Disability. In the event of the Death or Disability of a Grantee during any or all of the recapture periods, any potential amounts to be recaptured will be forgiven. For purposes of this section, Disability is defined as becoming eligible for Long-Term Disability payments under the Company's Long-Term Disability program.

Acceptance

By signing below, I hereby agree to the provisions of this agreement. I understand that I will not have a contract of employment with the Company for a specific period of time. I further agree to abide by the policies and procedures established by the Company.

Sheldon L. Bruha

Date

Severance Agreement

June __, 2019

Sheldon L. Bruha
Chief Financial Officer
Frontier Communication Corporation

Dear Sheldon:

Frontier Communications Corporation has implemented a new severance arrangement reflecting changes in our compensation programs over the past few years. As further detailed below, the severance arrangement that is reflected in this letter agreement ("Agreement") fully replaces any previous severance arrangements you may have with the Company.

Upon your termination of employment with the Company, the Company will provide you with severance benefits pursuant to this agreement.

Your employment with the Company may be terminated by you or the Company for any reason upon 60 days advance notice (30 days advance notice in the event you resign for "Good Reason" or "CIC Good Reason" as defined below).

For each termination scenario below, you will be entitled to receive: (i) your base salary through the date of termination, (ii) any cash incentive earned for a previously completed performance period that has not yet been paid as of the date of termination, (iii) your accrued but unpaid vacation, and (iv) an amount equal to 3 months of medical coverage with the same subsidy you are receiving as an active employee. Other key elements are shown below, with detail regarding payment provided later in this Agreement.

- Without Cause or for Good Reason: If the Company terminates your employment without Cause (as defined in Appendix A) or you resign your employment for Good Reason (as defined in Appendix A), you will be entitled to receive:
 - Periodic severance payments (with the same timing of regular salary payment intervals) totaling to one times your annual Base Salary in effect on the date of your employment termination.
 - Full vesting of the 2017 and 2018 outstanding unvested restricted stock awards;
 - Full vesting of 2017 and 2018 outstanding unvested long-term incentive program awards, calculated based on actual achievement with respect to the applicable performance goals
 - The 2019 cash-based Retention Award repayment provisions will be forgiven and, as such, no repayment of awards will be required;
 - The 2019 cash-based Performance Retention Award repayment provisions will be forgiven and, as such, no repayment of awards will be required; and,
 - The treatment of any future awards will be documented in those grant agreements.
- Without Cause or for CIC Good Reason Post-CIC: If, within one year following the date of a change in control (as defined in our Equity Plan), the Company terminates your employment without Cause, or if you resign your employment for CIC Good Reason (as defined in Appendix A), or such a termination or resignation occurs within the six-month period preceding a change in control and is related to the change in control, you will be entitled to receive the following as of the later of your termination of employment date or the date of the change in control:
 - A lump sum severance payment equal to two times the sum of (i) your annual Base Salary in effect on the date of your employment termination (or, if greater, at the time of the material decrease in your Base Salary that constitutes CIC Good Reason for your resignation), and (ii) your target Annual Bonus for the calendar

year of your termination of employment (or, if greater, at the time of the material decrease in your target Annual Bonus that constitutes CIC Good Reason for your resignation);

- Full vesting of the 2017 and 2018 outstanding unvested restricted stock awards;
 - Full vesting of 2017 and 2018 outstanding unvested long-term incentive program awards, calculated based on actual achievement with respect to the applicable performance goals
 - The 2019 cash-based Retention Award repayment provisions will be forgiven and, as such, no repayment of awards will be required;
 - The 2019 cash-based Performance Retention Award repayment provisions will be forgiven and, as such, no repayment of awards will be required; and,
 - The treatment of any future awards will be documented in those grant agreements.
- You must sign and not revoke a release of claims by the applicable deadline as a condition to receipt of the severance benefits (other than Base Salary earned through the date of termination and accrued but unpaid vacation). The applicable deadline shall be 52 days after your termination of employment date (or in the case of severance related to a change in control, 52 days after the later of your termination employment date or the date of the change in control).
 - The benefits hereunder are designed so that the payments described above are either exempt from Section 409A of the Code, or are paid in compliance with Section 409A and the related Department of Treasury guidance (including but not limited to the six-month delay for payments to "specified employees" triggered by separation from service).

If you resign your employment without Good Reason or CIC Good Reason or the Company terminates your employment for Cause, you will be entitled to receive only the following: (i) your base salary through the date of termination, (ii) any annual cash incentive earned for a previously completed performance period that has not yet been paid as of the date of termination, and (iii) your accrued but unpaid vacation. The Company shall not be obligated to provide any advance notice to you in the event it terminates your employment for Cause.

Indemnification

While employed pursuant to this agreement (and subsequently with respect to the period during which you were so employed), you shall be indemnified by the Company to the fullest extent permitted by its charter, by-laws or the terms of any insurance or other indemnity policy applicable to officers or directors of the Company (including any rights to advances or reimbursement of legal fees thereunder, but excluding indemnification for any violation of the Company's code of conduct or Security and Exchange Commission requirements if it is a material violation, or if applicable law bars indemnification without regard to materiality). The Company's obligation under this paragraph shall survive any termination of your employment or this Agreement.

Non-Competition/Non-Solicitation/Non-Disparagement

You acknowledge and recognize the highly competitive nature of the businesses of the Company and its affiliates and accordingly agree that, while employed by the Company and for a period of one year following any termination of your employment with the Company (the "Restricted Period"), you will not, whether on your own behalf or on behalf of or in conjunction with any person, firm, partnership, joint venture, association, corporation or other business organization, entity or enterprise whatsoever ("Person"),

- Directly or indirectly engage in any business that directly or indirectly competes in any material way with the primary business of the Company;
- Solicit or encourage any employee of the Company or its affiliates to leave the employment of the Company or its affiliates; or
- Hire any such employee who was employed by the Company or its affiliates as of the date of your termination of employment with the Company or who left the employment of the Company or its affiliates coincident with, or within one year prior to or after, the termination of your employment with the Company.

You shall not at any time issue any press release or make any public statement about the Company or any director, officer, employee, successor, parent, subsidiary or agent or representative of, or attorney to the Company (any of the foregoing, a "Company Affiliate") regarding (i) any of the foregoing's financial status, business, services, business methods,

compliance with laws, or ethics or otherwise, or (ii) regarding Company personnel, directors, officers, employees, attorneys, agents, that, in either case, is intended or reasonably likely to disparage the Company or any Company Affiliate, or otherwise degrade any Company Affiliate's reputation in the business, industry or legal community in which any such Company Affiliate operates, and the Company shall not at any time (either by official Company action or through a director of the Company or an executive who is a senior vice president or above) issue any press release or make any public statement about you or your spouse that is intended or reasonably likely to disparage your reputation in the business, industry or legal community or otherwise degrade you or your spouse's reputation or standing in their community; provided, that, you and the Company shall be permitted to (a) make any statement that is required by applicable securities or other laws to be included in a filing or disclosure document, subject to prior notice to the other thereof, and (b) defend your or itself against any statement made by the other party (including those made by any Company Affiliate or by any person affiliated with you or your spouse) that is intended or reasonably likely to disparage or otherwise degrade that party's reputation, but only if there is a reasonable belief that the statements made in such defense are not false statements, (c) while employed as an officer of the Company, make any statement that you determine in good faith is necessary or appropriate to the discharge of your duties as an officer of the Company, and (d) provide truthful testimony in any legal proceeding.

It is expressly understood and agreed that although you and the Company consider the restrictions contained in this Agreement to be reasonable, if a final judicial determination is made by a court of competent jurisdiction that the time or territory or any other restriction contained in this Agreement is an unenforceable restriction against you, the provisions of this Agreement shall not be rendered void but shall be deemed amended to apply as to such maximum time and territory and to such maximum extent as such court may judicially determine or indicate to be enforceable. Alternatively, if any court of competent jurisdiction finds that any restriction contained in this Agreement is unenforceable, and such restriction cannot be amended so as to make it enforceable, such finding shall not affect the enforceability of any of the other restrictions contained herein.

You acknowledge and agree that the remedies at law for a breach or threatened breach of any of the provisions of this Agreement that appear under the "Non-Competition/Non-Solicitation/Non-Disparagement" heading above would be inadequate and the Company would suffer irreparable damages as a result of such breach or threatened breach. In recognition of this fact, you agree that, in the event of such a breach or threatened breach, in addition to any remedies at law, the Company, without posting any bond, shall be entitled to cease making any payments or providing any benefit otherwise required by this Agreement and obtain equitable relief in the form of specific performance, temporary restraining order, temporary or permanent injunction or any other equitable remedy which may then be available. In addition, in the event of an alleged breach of this section by the Company, you shall not be required to post a bond in order to seek equitable relief or any other equitable remedy.

The foregoing provisions of this Agreement under the "Non-Competition/Non-Solicitation/Non-Disparagement" heading above will survive the termination of your employment with the Company for any reason.

Arbitration

Except for the rights to seek specific performance provided above, any other dispute arising out of or asserting breach of this Agreement, or any statutory or common law claim by you relating to your employment under this Agreement or the termination thereof (including any tort or discrimination claim), shall be exclusively resolved by binding statutory arbitration in accordance with the Employment Dispute Resolution Rules of the American Arbitration Association. Such arbitration process shall take place in Connecticut. A court of competent jurisdiction may enter judgment upon the arbitrator's award. All costs and expenses of arbitration (including fees and disbursements of counsel) shall be borne by the respective party incurring such costs and expenses, unless the arbitrator shall award costs and expenses to the prevailing party in such arbitration.

Amendment

The Committee may amend any term or provision of this Agreement with 12 months' advance notice to you. This amendment right allows the Committee to ensure that your overall compensation, the current mix and weighting of compensation components, and the other terms of your employment are adjusted to reflect all of the relevant factors. These factors include, for example, changes in peer group practices, changes in institutional shareholder expectations, other external factors, and developments at the Company. In addition, the Committee shall also have the right to amend any term or provision of this Agreement, with less than 12-months' notice, to the extent that the Committee determines that the change is required by applicable law and that the time when the change is required does not permit 12 months' notice. In

this case, the Committee will act reasonably, to the extent possible, to minimize the change and to hold you harmless in the aggregate. In the event that it is necessary to materially reduce compensation on a Company-wide basis, the Committee is entitled to reduce your compensation on the same basis as compensation is reduced for other senior executives, with less than 12-months' notice.

Governing Law

This Agreement will be governed by and construed in accordance with the laws of the State of Connecticut, without regard to conflicts of laws principles thereof.

Entire Agreement and Successors

This Agreement contains the entire understanding of the parties with respect to your potential severance benefits from the Company. There are no restrictions, agreements, promises, warranties, covenants or undertakings between the parties with respect to the subject matter herein other than those expressly set forth herein. In addition, this Agreement supersedes entirely any previous severance arrangements between you and the Company. Further, you expressly acknowledge and agree that this supersession applies without condition, including (without limitation) if you did not receive 12-months' advance notice in accordance with your February 25, 2015 letter agreement with the Company. Subject to the Company's amendment right described above, this Agreement may not be altered, modified or amended except by written instrument signed by the parties hereto.

This Agreement shall inure to the benefit of and be binding upon (i) the Company and its subsidiaries, and (ii) you and any personal or legal representatives, executors, administrators, successors, assigns, heirs, distributees, devisees and legatees. Further, the Company will require any successor (whether, direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company and any successor to its business and/or assets which is required by this successor provision to assume and agree to perform this Agreement or which otherwise assumes and agrees to perform this Agreement; provided, however, in the event that any successor, as described above, agrees to assume this Agreement in accordance with the preceding sentence, as of the date such successor so assumes this Agreement, the Company shall cease to be liable for any of the obligations contained in this Agreement.

Withholding Taxes

The Company may withhold from any amount payable under this Agreement such Federal, state and local taxes as may be required to be withheld pursuant to any applicable law or regulation.

Section 409A

This Agreement will be construed and administered to preserve the exemption from Section 409A of the Code, and the Department of Treasury guidance thereunder (collectively, "Section 409A") of each payment pursuant to this Agreement that qualifies as a short-term deferral under Section 409A or otherwise qualifies for exemption from Section 409A. With respect to other amounts payable pursuant to this Agreement that are subject to Section 409A, it is intended, and this Agreement will be so construed, that any such amounts and the Company's and your exercise of authority or discretion under this Letter will comply with the provisions of Section 409A, so as not to subject you to the payment of interest and additional tax that may be imposed under Section 409A. For this purpose, and except as otherwise provided below under this heading, each payment of continued Base Salary severance pay shall be paid at regular intervals in accordance with the Company's standard payroll practices for the payment of base salary to executives, and each such payment and each payment of any other amounts shall be deemed a separate payment for purposes of Section 409A.

Accordingly, each payment of continued Base Salary severance pay and any single lump payment of severance pay that is payable and paid by March 15th of the year following your termination of employment (or in the case of payments related to a change in control, March 15th of the year following the later of your termination date or the date of the change in control) is intended to be exempt from Section 409A as a short-term deferral. In addition, each payment of continued Base Salary severance pay that is not exempt from Section 409A under the prior payment and that is also not part of the first six months of continued Base Salary severance pay, is intended to be exempt from Section 409A to the maximum extent possible, under the exemption for separation pay in Treas. Reg. § 1.409A-1(b)(9)(iii). Any remaining continued Base

Salary severance pay shall comply with the Section 409A payment rules. For this purpose, the Section 409A payment rules require that, when this Agreement provides for payment upon your termination of employment, (i) this Agreement shall be understood to require payment upon your "separation from service" within the meaning of Section 409A, and (ii) if you are a "specified employee" on the date of your termination of employment, payment shall not be made earlier than six months after such termination of employment (provided that if you die after the date of the termination of employment but before payment has been made, payment will be made to your estate without regard to such six-month delay). The group of "specified employees" shall be determined in accordance with the Company's then generally applicable rules for determining specified employees in accordance with Section 409A. Otherwise, such payments shall comply by being paid at the regular payment interval, as scheduled.

Similarly, all equity awards subject to this Agreement that may be exempt from Section 409A shall be exempt, and to the extent not exempt shall be paid in accordance with Section 409A based on the terms of the applicable award agreements and the Equity Plan.

To the extent that any expense reimbursement provided for by this Agreement does not qualify for exclusion from Federal income taxation, the Company will make the reimbursement only if you incur the corresponding expense during your employment with the Company (or, for legal expenses subject to reimbursement under the "Legal Fees" heading above, during calendar year 2019) and submit the request for reimbursement to the Company no later than three months prior to the last day of the calendar year following the calendar year in which you incur the expense so that the Company can make the reimbursement on or before the last day of the calendar year following the calendar year in which you incur the expense; the amount of expenses eligible for reimbursement during a calendar year will not affect the amount of expenses eligible for reimbursement in another calendar year; and your right to reimbursement is not subject to liquidation or exchange for another benefit from the Company.

Payments of continued Base Salary severance pay that are payable based on your death, your termination of employment or the date of a change in control shall commence within 30 days of the date of death, termination or change in control (as applicable) and, as necessary, shall then be paid retroactively back to the first payroll date following the date of death, termination or change in control. Notwithstanding the preceding sentence, no payment shall be made until the required release has been received (and any revocation period has expired), and to the extent any payment related to termination of employment is subject to a required six-month delay, such six-month delay shall apply. Once the release requirement is met or the six-month delay is completed, payment shall be made retroactively back to the first payroll date following the termination of employment.

Acknowledgment and Acceptance

Please do not hesitate to contact me with any questions regarding this Severance Agreement. To acknowledge your acceptance of this program, please sign the bottom of this Agreement and email a complete scanned copy back to me directly, which you agree is valid and binding just like the signed original.

Sincerely,

/s/ Elisa Bannon-Jones

Elisa Bannon-Jones
Chief Human Resources Officer
Frontier Communications Corporation

Acceptance

By signing below, I hereby agree to the provisions of this Agreement. I understand that I will not have a contract of employment with the Company for a specified period of time. I further agree to abide by policies and procedures established by the Company.

Sheldon L. Bruha

Date

Appendix A

The following are definitions for purposes of this Agreement.

“Cause” means your:

- Willful and continued failure (other than as a result of physical or mental illness or injury) to perform your material duties to the Company or its subsidiaries which continues beyond 10 days after a written demand for substantial performance is delivered to you by the Company, which demand shall identify and describe such failure with sufficient specificity to allow you to respond;
- Willful or intentional conduct that causes material and demonstrable injury, monetarily or otherwise, to the Company;
- Conviction of, or a plea of guilty or nolo contendere to, a crime constituting a felony under the laws of the United States or any state thereof, or a misdemeanor involving moral turpitude; or
- A material violation of the Company’s code of conduct (“Misconduct”), subject to reasonable notice and opportunity to cure (if curable, without being inconsistent with the interests of the Company, as reasonably determined in good faith by the Board).

“Misconduct” means any of the following, as determined by the Compensation Committee in good faith:

- Violating any agreement between the Company and you, including but not limited to a violation relating to the disclosure of confidential information or trade secrets, the solicitation of employees, customers, suppliers, licensors or contractors, or the performance of competitive services;
- Competing with the company by working for, managing, operating, controlling or participating in the ownership, operation or control of, any company or entity which provides telephone, Internet or video products or services,
- Violating the Company’s Code of Business Conduct and Ethics;
- Making, or causing or attempting to cause any other person to make, any statement (whether written, oral or electronic), or conveying any information about the Company which is disparaging or which in any way reflects negatively upon the Company, unless required by law or pursuant to a Company policy;
- Improperly disclosing or otherwise misusing any confidential information regarding the Company;
- Unlawful trading in the Company’s securities or of another company based on information gained as a result of your employment or other relationship with the Company;
- Engaging in any act which is considered to be contrary to the best interests of the Company, including but not limited to recruiting or soliciting employees of the Company;
- Commission of a felony or other serious crime; or
- Engaging in any activity which constitutes gross misconduct including, but not limited to, sexual harassment.

“Good Reason” means:

- The material failure of the Company to pay or cause to be paid your Base Salary or Annual Bonus;
- Any substantial and continuing diminution in your position, authority or responsibilities in effect immediately prior to such diminution, including a requirement that you report to a corporate officer or an employee instead of reporting directly to the Board;

- A relocation of your principal office location of more than 50 miles from the Company's Norwalk, Connecticut headquarters or a relocation of your principal office location of a shorter distance that the Committee determines causes you material hardship; or
- A material decrease by the Company of your Base Salary or target Annual Bonus in effect immediately prior to such decrease that is sufficient to be treated as an involuntary termination under Treasury Regulation § 1.409A-1(n)(2) (other than a decrease pursuant to an amendment that does not require 12-months' notice).

In addition to the above definition of "Good Reason", for the purposes of "CIC Good Reason", the following conditions shall also be conditions that constitute "Good Reason":

- A material decrease in your aggregate employee benefits that is sufficient to be treated as an involuntary termination under Treasury Regulation § 1.409A-1(n)(2);
- A material diminution in your reporting relationships, duties or responsibilities, including, without limitation, ceasing to be a chief executive officer who reports directly to the board of directors of a public company; or
- A successor to the Company failing to expressly assume this severance pay arrangement.

Notwithstanding the foregoing, in connection with a resignation for either "Good Reason" or "CIC Good Reason", your resignation will only qualify as being for "Good Reason" or for "CIC Good Reason" (as applicable) if:

- Within 90 days of the initial existence of a condition listed above, you provide notice to the Company of the existence of a supposedly qualifying condition and the related circumstances that cause it to qualify, and
- Within 30 days after such notice the Company does not remedy the condition.

[\(Back To Top\)](#)

Section 3: EX-10.2 (EX-10.2)



Exhibit 10.2

August 2, 2019

Daniel J. McCarthy
President and Chief Executive Officer
Frontier Communication Corporation

Dear Dan:

Frontier Communications Corporation has implemented new severance arrangements reflecting changes in our compensation programs over the past few years. As further detailed below, the severance arrangements reflected in this letter agreement ("Agreement") fully replace any previous severance arrangements you may have (or may have had) with the Company.

Upon your termination of employment with the Company, the Company will provide you with severance benefits pursuant to this Agreement.

Your employment with the Company may be terminated by you or the Company for any reason upon 60 days' advance notice (30 days' advance notice in the event you resign for "Good Reason" or "CIC Good Reason" as defined below).

For each termination scenario below, and subject (as applicable) to the release requirement specified below, you will be entitled to receive: (i) your base salary through the date of termination, (ii) any cash incentive earned and vested for a previously completed performance period that has not yet been paid as of the date of termination (payable at the time specified in the applicable cash incentive arrangement), (iii) your accrued but unpaid vacation (payable in accordance with the terms of the Company's vacation policy), and (iv) 3 months of medical coverage with the same subsidy you are receiving as an active employee. Other elements are shown below, with detail regarding payment provided later in this Agreement.

- Without Cause or for Good Reason: If the Company terminates your employment without Cause (as defined in Exhibit A) or you resign your employment for Good Reason (as defined in Exhibit A), you will be entitled to receive:
 - Periodic severance payments totaling to one times your annual Base Salary in effect on the date of your employment termination (with the same timing as regular salary payments and commencing within 60 days following the date of your employment termination, subject to the

- provisions under the heading "Section 409A" below);
 - Full vesting of the 2017 and 2018 outstanding unvested restricted stock awards;
 - Full vesting of 2017 and 2018 outstanding unvested long-term incentive program awards, calculated based on actual achievement with respect to the applicable performance goals;
 - The 2019 cash-based Retention Award repayment provisions will be forgiven and, as such, no repayment of awards will be required;
 - The 2019 cash-based Performance Retention Award repayment provisions will be forgiven and, as such, no repayment of awards will be required; and,
 - Any future awards will be treated in accordance with the provisions of their grant agreements.
-
- Without Cause or for CIC Good Reason Post-CIC: If, within one year following the date of a change in control (as defined in our Equity Plan), the Company terminates your employment without Cause or if you resign your employment for CIC Good Reason (as defined in Exhibit A), or such a termination or resignation occurs within the six-month period preceding a change in control and is related to the

change in control (in which case you will be deemed to have incurred an employment termination on the date of the change in control), you will be entitled to receive the following:

- A lump sum severance payment within 60 days following the date of your employment termination, subject to the provisions under the heading “Section 409A” below, equal to two times the sum of (i) your annual Base Salary in effect on the date of your employment termination (or, if greater, at the time of the material decrease in your Base Salary that constitutes CIC Good Reason for your resignation), and (ii) your target cash incentive for the calendar year of your termination of employment (or, if greater, at the time of the material decrease in your target cash incentive that constitutes CIC Good Reason for your resignation);
 - Full vesting of the 2017 and 2018 outstanding unvested restricted stock awards;
 - With respect to any 2017 and 2018 outstanding unvested long-term incentive program awards, achievement of the applicable performance goals will be determined as of the effective date of the change in control, if determinable, otherwise the applicable performance goals will be deemed achieved at target (in either case, the “earned award”); if the surviving entity in the change in control does not assume or continue the earned award or replace the earned award with an award of equivalent value and comparable terms, you will vest in the earned award on the effective date of the change in control; if the surviving entity in the change in control assumes or continues the earned award or replaces the earned award with an award of equivalent value and comparable terms, you will vest in the earned award on the last day of the performance period originally applicable to the performance share award if you remain employed with the surviving entity on such date or upon your earlier employment termination as specified above;
 - The 2019 cash-based Retention Award repayment provisions will be forgiven and, as such, no repayment of awards will be required;
 - The 2019 cash-based Performance Retention Award repayment provisions will be forgiven and, as such, no repayment of awards will be required; and,
 - Any future awards will be treated in accordance with the provisions of their grant agreements.
- Only Incremental Amounts Due. It is possible that you will terminate employment prior to the effective date of a change in control and become entitled to benefits under this Agreement on account of such termination of employment, and that the termination of employment will subsequently be determined to have occurred on account of a change in control that occurs after the date of the employment termination. In that event, the amounts and benefits to which you will be entitled under this Agreement upon the occurrence of the change in control will be the incremental amounts and benefits, if any, that exceed the comparable amounts and benefits to which you previously became entitled under this Agreement.
 - Release Required. You must sign and not revoke a release of claims agreement (“Release”) by the applicable deadlines as a condition to receipt of the severance benefits (other than Base Salary earned through the date of termination and accrued but unpaid vacation) and you must comply with the restrictive covenants set out under the Non-Competition/Non-Solicitation/Non-Disparagement” heading below. The applicable deadline for signing the Release shall be 45 or fewer days (as specified in the Release) and the deadline for revoking the Release shall be seven or fewer days (as specified in the Release). If you fail to cure a material breach one or more of the restrictive covenants set out under the Non-Competition/Non-Solicitation/Non-Disparagement” heading below with 30 days of written notice from the Company, you will forfeit any severance benefits that have not been paid or provided to you, and you must repay to the Company the amount (or equivalent cash value) of any such severance benefits that have been paid or provided to you. The Company shall provide the Release to you within seven days following your termination of employment date. The specific terms of the Release shall be determined by the Company in its discretion, but it is intended that it shall provide the Company with at least the protections that are included in the specimen release attached hereto as Exhibit B and shall (i) provide for the release all then existing claims against the Company and its affiliates, shareholders, directors, officers, employees and agents in relation to claims relating

to or arising out of your employment or the Company's business, provided, however, that such release shall not bar or prevent you from responding to any litigation or other proceeding initiated by a released party and asserting any claim or counterclaim you have in such litigation or other proceeding as if no such release had been given as to such party, and shall not bar you from claiming rights that arise under, or that are clearly and expressly preserved by, this Agreement; and (ii) reaffirm your agreement to the restrictive covenants set out under the Non-Competition/Non-Solicitation/Non-Disparagement" heading below.

- As detailed further below, the benefits hereunder are designed so that the payments described above are either exempt from Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), or are paid in compliance with Section 409A and the related Department of Treasury guidance (including but not limited to the six-month delay for payments to "specified employees" triggered by separation from service).

If you resign your employment without Good Reason or CIC Good Reason or the Company terminates your employment for Cause, you will be entitled to receive only the following: (i) your base salary through the date of termination, (ii) your accrued but unpaid vacation (payable in accordance with the term of the Company's vacation policy), and (iii) only if the requirements for a Release specified above are fully satisfied, any cash incentive earned and vested for a previously completed performance period that has not yet been paid as of the date of termination (payable at the time specified in the applicable cash incentive arrangement). The Company shall not be obligated to provide any advance notice to you in the event it terminates your employment for Cause.

Indemnification

While employed pursuant to this Agreement (and subsequently with respect to the period during which you were so employed), you shall be indemnified by the Company to the fullest extent permitted by its charter, by-laws or the terms of any insurance or other indemnity policy applicable to officers or directors of the Company (including any rights to advances or reimbursement of legal fees thereunder, but excluding indemnification for any violation of the Company's code of conduct or Security and Exchange Commission requirements if it is a material violation, or if applicable law bars indemnification without regard to materiality).

The Company's obligation under this paragraph shall survive any termination of your employment or this Agreement.

Non-Competition/Non-Solicitation/Non-Disparagement

You acknowledge and recognize the highly competitive nature of the businesses of the Company and its affiliates and accordingly agree that, while employed by the Company and for a period of one year following any termination of your employment with the Company (the "Restricted Period"), you will not, whether on your own behalf or on behalf of or in conjunction with any person, firm, partnership, joint venture, association, corporation or other business organization, entity or enterprise whatsoever ("Person"),

- Directly or indirectly engage in any business that directly or indirectly competes in any material way with the primary business of the Company;
- Solicit or encourage any employee of the Company or its affiliates to leave the employment of the Company or its affiliates; or
- Hire any such employee who was employed by the Company or its affiliates as of the date of your termination of employment with the Company or who left the employment of the Company or its affiliates coincident with, or within one year prior to or after, the termination of your employment with the Company.

You shall not at any time issue any press release or make any public statement about the Company or any director, officer, employee, successor, parent, subsidiary or agent or representative of, or attorney to the Company (any of the foregoing, a "Company Affiliate") regarding (i) any of the foregoing's financial status, business, services, business methods, compliance with laws, or ethics or otherwise, or (ii) regarding Company personnel, directors, officers, employees, attorneys, agents, that, in either case, is intended or reasonably likely to disparage the Company or any Company Affiliate, or otherwise degrade any Company Affiliate's reputation in the business, industry or legal community in which any such Company Affiliate operates, and the Company shall not at any time (either by official Company action or through a director of the Company or an executive who is a senior vice president or above) issue any press release or make any public statement about you or your spouse that is intended or reasonably likely to disparage your reputation in the business, industry or legal community or otherwise degrade you or your spouse's reputation or standing in their community; provided, that, you and the Company shall be permitted to (a) make any statement that is required by applicable securities or other laws to be included in a filing or disclosure document, subject to prior notice to the other thereof, and (b) defend your or itself against any statement made by the other party (including those made by any Company Affiliate or by any person affiliated with you or your spouse) that is intended or reasonably likely to disparage or otherwise degrade that party's reputation, but only if there is a reasonable belief that the statements made in such defense are not false statements, (c) while employed as an officer of the Company, make any statement that you determine in good faith is necessary or appropriate to the discharge of your duties as an officer of the Company, and (d) provide truthful testimony in any legal proceeding.

It is expressly understood and agreed that although you and the Company consider the restrictions contained in this Agreement to be reasonable, if a final judicial determination is made by a court of competent jurisdiction that the time or territory or any other restriction contained in this Agreement is an unenforceable restriction against you, the provisions of this Agreement shall not be rendered void but shall be deemed amended to apply as to such maximum time and territory and to such maximum extent as such court may judicially determine or indicate to be enforceable. Alternatively, if any court of competent jurisdiction finds that any restriction contained in this Agreement is unenforceable, and such restriction cannot be amended so as to make it enforceable, such finding shall not affect the enforceability of any of the other restrictions contained herein.

You acknowledge and agree that the remedies at law for a breach or threatened breach of any of the provisions of this Agreement that appear under the "Non-Competition/Non-Solicitation/Non-Disparagement" heading above would be inadequate and the Company would suffer irreparable damages as a result of such breach or threatened breach. In recognition of this fact, you agree that, in the event of such a breach or threatened breach, in addition to any remedies at law, the Company, without posting any bond, shall be entitled to cease making any payments or providing any benefit otherwise required by this Agreement and obtain equitable relief in the form of specific performance, temporary restraining order, temporary or permanent injunction or any other equitable remedy which may then be available. In addition, in the event of an alleged breach of this section by the Company, you shall not be required to post a bond in order to seek equitable relief or any other equitable remedy.

The foregoing provisions of this Agreement under the "Non-Competition/Non-Solicitation/Non-Disparagement" heading above will survive the termination of your employment with the Company for any reason.

Arbitration

Except for the rights to seek specific performance provided above, any other dispute arising out of or asserting breach of this Agreement, or any statutory or common law claim by you relating to your employment under this Agreement or the termination thereof (including without limitation any tort or discrimination claim), shall be exclusively resolved by binding statutory arbitration in accordance with the Employment Dispute Resolution Rules of the American Arbitration Association. Such arbitration process shall take place in Connecticut. A court of competent jurisdiction may enter judgment upon the arbitrator's award. All costs and expenses of arbitration (including fees and disbursements of counsel) shall be borne

by the respective party incurring such costs and expenses, unless the arbitrator shall award costs and expenses to the prevailing party in such arbitration.

Amendment

The Compensation Committee of the Board ("Committee") may amend any term or provision of this Agreement with 12 months' advance notice to you. This amendment right allows the Committee to ensure that your overall compensation, the current mix and weighting of compensation components, and the other terms of your employment are adjusted to reflect all of the relevant factors. These factors include, for example, changes in peer group practices, changes in institutional shareholder expectations, other external factors, and developments at the Company. In addition, the Committee shall also have the right to amend any term or provision of this Agreement, with less than 12-months' notice, to the extent that the Committee determines that the change is required by applicable law and that the time when the change is required does not permit 12 months' notice. In this case, the Committee will act reasonably, to the extent possible, to minimize the change and to hold you harmless in the aggregate. In the event that it is necessary to materially reduce compensation on a Company-wide basis, the Committee is entitled to reduce your compensation on the same basis as compensation is reduced for other senior executives, with less than 12-months' notice.

Governing Law

This Agreement will be governed by and construed in accordance with the laws of the State of Connecticut, without regard to conflicts of laws principles thereof.

Entire Agreement and Successors

This Agreement contains the entire understanding of the parties with respect to your potential severance benefits from the Company. There are no restrictions, agreements, promises, warranties, covenants or undertakings between the parties with respect to the subject matter herein other than those expressly set forth herein. In addition, this Agreement supersedes entirely any previous severance arrangements between you and the Company, specifically including but not limited to any severance benefit provisions (for any type of employment termination) that were included in any previous agreement between you and the Company. Further, you expressly acknowledge and agree that this supersession applies without condition, including (without limitation) if you did not receive 12-months' advance notice in accordance with your February 25, 2015 letter agreement with the Company. Subject to the Company's unilateral amendment rights described above, this Agreement may not be altered, modified or amended except by written instrument signed by the parties hereto.

This Agreement shall inure to the benefit of and be binding upon (i) the Company and its subsidiaries, and (ii) you and any personal or legal representatives, executors, administrators, successors, assigns, heirs, distributees, devisees and legatees. Further, the Company will require any successor (whether, direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company and any successor to its business and/or assets which is required by this successor provision to assume and agree to perform this Agreement or which otherwise assumes and agrees to perform this Agreement; provided, however, in the event that any successor, as described above, agrees to assume this Agreement in accordance with the preceding sentence, as of the date such successor so assumes this Agreement, the Company shall cease to be liable for any of the obligations contained in this Agreement.

Withholding Taxes

The Company may withhold from any amount payable under this Agreement such Federal, state and local taxes as may be required to be withheld pursuant to any applicable law or regulation.

Section 409A

This Agreement will be construed and administered to preserve the exemption from Section 409A of the Code, and the Department of Treasury guidance thereunder (collectively, "Section 409A") of each payment pursuant to this Agreement that qualifies as a short-term deferral under Section 409A or otherwise qualifies for exemption from Section 409A. With respect to any other amounts payable pursuant to this Agreement that are subject to Section 409A, it is intended, and this Agreement will be so construed, that any such amounts and the Company's and your exercise of authority or discretion under this Agreement will comply with the provisions of Section 409A, so as not to subject you to the payment of interest and additional tax that may be imposed under Section 409A. For this purpose, and except as otherwise provided below under this heading, each payment of continued Base Salary under this Agreement shall be paid at regular intervals in accordance with the Company's standard payroll practices for the payment of base salary to executives, and each such payment and each payment of any other amounts shall be deemed a separate payment for purposes of Section 409A.

Accordingly, each payment of continued Base Salary severance pay and any single lump payment of severance pay that is payable and paid by March 15th of the year following your termination of employment (or in the case of payments related to a change in control, March 15th of the year following the later of your termination date or the date of the change in control) is intended to be exempt from Section 409A as a short-term deferral. Any remaining continued Base Salary severance pay shall comply with the Section 409A payment rules. For this purpose, the Section 409A payment rules require that, when this Agreement provides for payment upon your termination of employment, (i) this Agreement shall be understood to require payment upon your "separation from service" within the meaning of Section 409A, and (ii) if you are a "specified employee" on the date of your termination of employment, any payment due within the first six months after such termination of employment will be paid on the first business day after six months following such termination of employment or, if earlier, the date of your death. The group of "specified employees" shall be determined in accordance with the Company's then generally applicable rules for determining specified employees in accordance with Section 409A. Otherwise, such payments shall comply by being paid at the regular payment interval, as scheduled.

Similarly, all equity awards subject to this Agreement that may be exempt from Section 409A shall be exempt, and to the extent not exempt shall be paid in accordance with Section 409A based on the terms of the applicable award agreements and the Equity Plan.

To the extent necessary to comply with Section 409A, in no event may you, directly or indirectly, designate the taxable year of payment; in particular, to the extent necessary to comply with Section 409A, for any payment under this Agreement that is conditioned upon you executing and not revoking a Release. If the 60-day payment period for such payment begins in one taxable year and ends in the next taxable year (or a payment could otherwise vary between one taxable year and the next based on when you execute and do not revoke a release, or when you take any other required action), the payment will be made in the later taxable year.

To the extent necessary to comply with Section 409A, a change in control will be deemed to have occurred only if the event also constitutes a change in the effective ownership or effective control of the Company or a change in the ownership of a substantial portion of the assets of the Company within the meaning of Treasury Regulation section 1.409A-3(i)(5). If you commence severance benefits in the form of installments and subsequently your employment termination is determined to have occurred on account of a change of control as specified above, then (i) severance benefits payable to you subsequent to such change in control shall be considered nonqualified deferred compensation subject to Section 409A to the extent that the comparable benefits to which you were entitled prior to the occurrence of the change in control were considered nonqualified deferred compensation (the "Non-Exempt Payments"), and (ii) if the change in control does not constitute a change in the effective ownership or effective control of the Company or a change in the ownership of a substantial portion of the assets of the Company within the meaning of Treasury Regulation section 1.409A-3(i)(5), such Non-Exempt Payments shall be paid in the form of installments pursuant to the same schedule applicable to the comparable benefits to which you were entitled prior to the occurrence of the change in control; any incremental benefits to which you

become entitled that exceed the comparable benefits to which you were entitled prior to the occurrence of the change in control shall be paid as a lump sum as specified above and are intended to be exempt from Section 409A as short-term deferrals within the meaning of the final regulations under Section 409A.

To the extent that any expense reimbursement provided for by this Agreement does not qualify for exclusion from Federal income taxation, the Company will make the reimbursement only if you incur the corresponding expense during your employment with the Company and submit the request for reimbursement to the Company no later than three months prior to the last day of the calendar year following the calendar year in which you incur the expense so that the Company can make the reimbursement on or before the last day of the calendar year following the calendar year in which you incur the expense; the amount of expenses eligible for reimbursement during a calendar year will not affect the amount of expenses eligible for reimbursement in another calendar year; and your right to reimbursement is not subject to liquidation or exchange for another benefit from the Company.

Acknowledgment and Acceptance

Please do not hesitate to contact me with any questions regarding this Severance Agreement. To acknowledge your acceptance of this program, please sign the bottom of this Agreement and email a complete scanned copy back to me directly, which you agree is valid and binding just like the signed original.

Sincerely,

/s/ Elisa Bannon-Jones

Elisa Bannon-Jones
Chief Human Resources Officer
Frontier Communications Corporation

Acceptance

By signing below, I hereby agree to the provisions of this Agreement. I understand that I will not have a contract of employment with the Company for a specified period of time. I further agree to abide by policies and procedures established by the Company.

/s/ Daniel J. McCarthy _____
Daniel J. McCarthy

Date: August 2, 2019

Exhibit A

The following are definitions for purposes of this Agreement.

“Base Salary” means your annual base salary in effect on your termination of employment date.

“Cause” means your:

- Willful and continued failure (other than as a result of physical or mental illness or injury) to perform your material duties to the Company or its subsidiaries which continues beyond 10 days after a written demand for substantial performance is delivered to you by the Company, which demand shall identify and describe such failure with sufficient specificity to allow you to respond;
- Willful or intentional conduct that causes material and demonstrable injury, monetarily or otherwise, to the Company;
- Conviction of, or a plea of guilty or nolo contendere to, a crime constituting a felony under the laws of the United States or any state thereof, or a misdemeanor involving moral turpitude; or
- Material Misconduct (as defined below), subject to reasonable notice and opportunity to cure (if curable, without being inconsistent with the interests of the Company, as reasonably determined in good faith by the Committee).

“Misconduct” means any of the following, as determined by the Committee in good faith:

- Violating any agreement between the Company and you, including but not limited to a violation relating to the disclosure of confidential information or trade secrets, the solicitation of employees, customers, suppliers, licensors or contractors, or the performance of competitive services;
- Competing with the company by working for, managing, operating, controlling or participating in the ownership, operation or control of, any company or entity which provides telephone, Internet or video products or services,
- Violating the Company’s Code of Business Conduct and Ethics;
- Making, or causing or attempting to cause any other person to make, any statement (whether written, oral or electronic), or conveying any information about the Company which is disparaging or which in any way reflects negatively upon the Company, unless required by law or pursuant to a Company policy;
- Improperly disclosing or otherwise misusing any confidential information regarding the Company;
- Unlawful trading in the Company’s securities or of another company based on information gained as a result of your employment or other relationship with the Company;
- Engaging in any act which is considered to be contrary to the best interests of the Company, including but not limited to recruiting or soliciting employees of the Company;
- Commission of a felony or other serious crime; or
- Engaging in any activity which constitutes gross misconduct including, but not limited to, sexual harassment.

“Good Reason” means:

- The material failure of the Company to pay or cause to be paid your Base Salary or annual cash incentive;
- Any substantial and continuing diminution in your position, authority or responsibilities in effect immediately prior to such diminution, including a requirement that you report to a corporate officer or an employee instead of reporting directly to the Board;

- A relocation of your principal office location of more than 50 miles from the Company's Norwalk, Connecticut headquarters or a relocation of your principal office location of a shorter distance that the Committee determines causes you material hardship; or
- A material decrease by the Company of your Base Salary or target annual cash incentive in effect immediately prior to such decrease that is sufficient to be treated as an involuntary termination under Treasury Regulation § 1.409A-1(n)(2) (other than a decrease pursuant to an amendment that does not require 12-months' notice).

In addition to the above definition of "Good Reason", for the purposes of "CIC Good Reason", the following conditions shall also be conditions that constitute "Good Reason":

- A material decrease in your aggregate employee benefits that is sufficient to be treated as an involuntary termination under Treasury Regulation § 1.409A-1(n)(2);
- A material diminution in your reporting relationships, duties or responsibilities, including, without limitation, ceasing to be a chief executive officer who reports directly to the board of directors of a public company; or
- A successor to the Company failing to expressly assume this severance pay arrangement.

Notwithstanding the foregoing, in connection with a resignation for either "Good Reason" or "CIC Good Reason", your resignation will only qualify as being for "Good Reason" or for "CIC Good Reason" (as applicable) if:

- Within 90 days after you first know (or should have known) of the initial existence of a condition listed above (a "Qualifying Condition"), you provide notice to the Committee of the existence of a supposedly Qualifying Condition and the related circumstances that you believe cause it to qualify under the provisions above, and
- Within 30 days after such notice the Company does not remedy the Qualifying Condition, and
- Your termination of employment date occurs within 6 months after the initial existence of the Qualifying Condition.

Exhibit B

Form of General Release Agreement

THIS GENERAL RELEASE AGREEMENT (this "Release Agreement") is entered into by and between Daniel J. McCarthy ("Executive") and Frontier Communications Corporation, and its subsidiary and affiliate corporations (collectively, the "Company"), with reference to the following facts:

1. Payment Contingent upon Release.

Executive understands that the Company's obligation to make the payments provided for in the letter agreement, dated as of August 2, 2019 (the "Letter Agreement"), by and between Executive and the Company, is conditioned upon Executive's execution of this Release Agreement within [21] [45] days after the date on which Executive's employment terminates (the "Separation Date") and non-revocation of this Release Agreement in accordance with the terms hereof.

2. General Releases.

In consideration of the Company's execution of this Release Agreement and of the payments and benefits provided for in the Letter Agreement, which Executive acknowledges is adequate consideration, Executive, on behalf of Executive's heirs, successors, assigns, executors, and representatives of any kind, releases and forever discharges the Company, its subsidiaries, affiliates, and divisions, and all their past, present, and future employees, directors, officers, agents, stockholders, insurers, attorneys, employee benefit plans and plan fiduciaries, executors, successors, assigns, and other representatives of any kind in their capacities as such (referred to in this Release Agreement collectively as "Released Parties") from any and all claims, charges, demands, liabilities, or causes of action of any kind, known or unknown, arising through the date Executive executes this Release Agreement, including, but not limited to, any claims, liabilities, or causes of action of any kind arising in connection with Executive's employment or termination of employment with the Company. Executive also releases and waives any claim or right to further compensation, benefits, damages, penalties, attorneys' fees, costs, or expenses of any kind from the Company or any of the other Released Parties, except that nothing in this Release Agreement shall affect any rights Executive may have under: (i) this Release Agreement; (ii) any funded retirement or 401(k) plan of the Company; or (iii) the Letter Agreement. Without limitation, Executive waives any right or claim to reinstatement of Executive's employment with the Company, although Executive may be reemployed by mutual agreement of the parties hereto. The claims that Executive is releasing include, but are not limited to: claims for wrongful discharge; constructive discharge; breach of contract; tortious interference with contract; unlawful terms and conditions of employment; retaliation; defamation; invasion of privacy; unlawful conspiracy; discrimination and/or harassment, including any discrimination and/or harassment claim arising under the Age Discrimination In Employment Act of 1967, 29 U.S.C. §621 et seq. ("ADEA"); Title VII of the Civil Rights Act of 1964, 42 U.S.C. §2000e et seq.; the Federal Rehabilitation Act of 1973, 29 U.S.C. §701 et seq.;

the Americans with Disabilities Act of 1990, 42 U.S.C. §12101 et seq.; the Family and Medical Leave Act of 1993, 29 U.S.C. §2601 et seq.; the Fair Labor Standards Act of 1938, 29 U.S.C. §201 et seq.; the Equal Pay Act of 1963, 29 U.S.C. §206(d) et seq.; the Employee Retirement Income Security Act of 1974, 29 U.S.C. §301 et seq.; the Worker Adjustment and Retraining Notification Act, 29 U.S.C. §2101 et seq.; the Connecticut Human Rights & Opportunities Law, Conn. Gen. Stat. § 46a-60 et seq.; Connecticut Wage and Hour Laws, the Connecticut Wage Payment Law, Conn. Gen. Stat. §§ 31-71a et seq.; and the Connecticut Family and Medical Leave Act, Conn. Gen. Stat. §§ 31-51kk et seq., all as amended; any other federal, state, or local constitutional provision, statute, executive order, and/or ordinance relating to employment, or other civil rights violations; and, except as expressly set forth in the Letter Agreement, any claim for any severance and/or other benefits, any bonus for any year; any rights or benefits under the Company's long-term incentive programs, including, without limitation, all shares of unvested restricted stock and all performance shares that would or might, absent Executive's termination, have vested or become issuable to Executive at dates after the Separation Date; and any other claims whether based on contract or tort.

Executive hereby expressly waives any rights Executive may have under any statute or common law principle concerning the release of claims and potential claims that Executive does not know or suspect to exist in Executive's favor at the time of executing this Release Agreement, which if known to Executive must or might have materially affected Executive's settlement with the Company. Furthermore, Executive acknowledges that Executive intends these consequences even as to claims for damages that may exist as of the date of this Release Agreement but which Executive does not know exist, and which, if known, would materially affect Executive's decision to execute this Release Agreement, regardless of whether Executive's lack of knowledge is the result of ignorance, oversight, error, negligence, or any other cause. Executive acknowledges that if any fact with respect to any matter covered by the Release Agreement is later found to be other than or different from the facts now believed by Executive to be true, the Release Agreement will be and remain in effect, notwithstanding such different facts.

3. No Other Proceedings.

The Executive represents and covenants that Executive has not and will not file or join in any action, charge, claim, complaint, lawsuit, or proceeding of any kind against the Company or any of the other Released Parties (other than pursuing a claim for unemployment compensation benefits to which Executive may be entitled) with respect to any claim that is released in this Release Agreement, including any matter arising out of or in connection with Executive's employment with the Company or the termination of that employment. The Executive covenants and agrees that this Section 3 may be raised as a complete bar to any such action, charge, claim, complaint, lawsuit, or proceeding.

Should Executive file or join (or have filed or have joined) in any action, claim, complaint, lawsuit, or proceeding of any kind against the Company or any of the other Released Parties, based on any claim that Executive has released, or should such an action, claim, complaint, lawsuit, or proceeding be filed on Executive's behalf, Executive agrees to withdraw, dismiss, or cause to be withdrawn or dismissed, with prejudice, any such action, claim, complaint, lawsuit, or proceeding of any kind that is pending in any federal, state, or local

agency or court. If Executive breaks this promise and files or joins (or has filed or has joined) in any action, claim, complaint, lawsuit, or proceeding based on any claim that Executive has released, then Executive will pay for all costs the Company or any of the other Released Parties incurs in defending against Executive's claim, including reasonable attorneys' fees, unless prohibited by law.

For the avoidance of doubt, this Release Agreement does not affect or limit any claims that, under controlling law, may not be released by private agreement, including, without limitation, (i) any claims under workers' compensation laws; or (ii) the right to file a charge with the Equal Employment Opportunity Commission ("EEOC") or similar state or local agency, or with the National Labor Relations Board, or to provide information to or assist such agency in any proceeding; provided, however, that Executive agrees that by signing this Release Agreement, Executive specifically waives Executive's right to recover any damages or other relief in any claim or suit brought by or through the EEOC or any other state or local agency under Title VII of the Civil Rights Act of 1964, the American with Disabilities Act, or any other federal, state, or local discrimination law, regardless of whether such claim or suit is brought by Executive or on Executive's behalf, except where prohibited by law. In addition, nothing in this Release Agreement is intended to prohibit Executive from reporting possible violations of federal law or regulation to any governmental agency or entity, including, but not limited to, the Department of Justice, the Securities and Exchange Commission, Congress, and any agency Inspector General, or making other disclosures that are protected under the whistleblower provisions of federal law or regulation. Executive does not need the prior authorization of the Company to make any such reports or disclosures, nor is Executive required to notify the Company that the Service Provider has made such reports or disclosures.

Additionally, nothing in this Release Agreement shall limit or restrict Executive's right under the ADEA to challenge the validity of this Release Agreement in a court of law. However, Executive nevertheless understands that in any suit brought solely under the ADEA, Executive will not be entitled to any damages or other relief unless this Release Agreement and the waivers contained in it were deemed to be unlawful or otherwise invalid.

4. No Sale of Claim.

Executive represents that Executive has not given or sold any portion of any claim discussed in this Release Agreement to anyone else.

5. Cooperation.

From and after the Separation Date, Executive agrees to reasonably cooperate with the Company and its financial and legal advisors when and as the Company requests in connection with any claims, investigations, or other proceedings involving the Company with respect to matters occurring while Executive was employed by the Company; provided, however, that Executive shall have no such obligation with respect to claims, investigations, or other proceedings commenced after the second anniversary of the Separation Date. Executive shall receive no additional compensation for rendering such services pursuant to this Section 5; however, the Company will reimburse Executive at Executive's then-prevailing hourly rate for

the time expended by Executive in rendering such services, and for reasonable expenses incurred in connection with such cooperation.

6. Effect of Breach.

If Executive breaches any of Executive's promises or obligations contained in the Letter Agreement or this Release Agreement, then the Company has the right to immediately stop making the payments described in the Letter Agreement and to seek repayment of payments already made pursuant to the Letter Agreement (except to the extent, if any, prohibited by applicable law). If the Company exercises its rights under this Section 6 to stop making the payments described in the Letter Agreement, then Executive will continue to be obligated to comply with all Executive's promises and obligations contained in the Letter Agreement and in this Release Agreement. Additionally, if the Company exercises its rights under this Section 6 to stop making the payments described in the Letter Agreement, then the Company will also have the right to pursue all additional rights it has against Executive pursuant to the Letter Agreement or this Release Agreement, as well as any and all other legal rights it may have against Executive for breaching any of Executive's promises or obligations in the Letter Agreement or this Release Agreement.

7. Arbitration.

The parties agree that any disputes regarding any rights or obligations pursuant to the Letter Agreement or this Release Agreement shall be resolved by final and binding arbitration pursuant to the Employment Rules of the American Arbitration Association, except that the Company may seek injunctive relief to enforce any restrictive covenants in the Letter Agreement or this Release Agreement in any court of competent jurisdiction. Any arbitration hearing must be conducted in Fairfield County, Connecticut, and shall be a confidential and private proceeding.

8. Enforcement.

If any arbitrator or court of competent jurisdiction determines that Executive or the Company has violated any of Executive's or the Company's respective promises or obligations contained in the Letter Agreement or this Release Agreement, then the injured party shall be entitled to recover, in addition to its damages, all costs and expenses incurred in its enforcement efforts, including actual attorneys' fees, from the violating party. In addition, the parties acknowledge and agree that a breach by a party of any of its promises or obligations contained in the Letter Agreement or this Release Agreement shall cause the other party irreparable harm and that the other party and its affiliates shall be entitled to seek injunctive relief, in addition to damages, for any such breach.

9. Taxes.

The Executive recognizes that the payments and benefits provided under the Letter Agreement or this Release Agreement will result in taxable income to Executive that the Company will report to appropriate taxing authorities. The Company shall have the right to deduct from any payment made under the Letter Agreement or this Release Agreement any federal, state, local, or other income, employment, Social Security, Medicare, or other taxes it

determines are required by law to be withheld with respect to such payments and benefits, as well as any applicable payroll deductions.

10. Consultation with Counsel.

Executive acknowledges that executive has been advised, in this writing, to consult with an attorney of executive's choice prior to signing this release agreement and that executive has signed this release agreement knowingly, voluntarily, and freely, and with such counsel (if any) as executive deemed appropriate. Executive understands, however, that whether or not to consult with an attorney is Executive's decision. Executive agrees that, except as set forth in the paragraph entitled "Indemnification" under the Letter Agreement, the Company shall not be required to pay any of Executive's attorneys' fees in this or any related matter or lawsuit, now or later, and that the amounts payable under the Letter Agreement and this Release Agreement are in full and complete payment of all matters between Executive and the Company, including, without limitation, attorneys' fees and costs.

11. Right to Revoke Release Agreement.

Executive acknowledges that executive has been provided with a period of [21][45] days in which to consider whether or not to enter into this release agreement. Executive further acknowledges that executive has been advised of executive's right to revoke this release agreement during the seven-day period following execution of this release agreement (the "revocation period"). To revoke, executive must give the company written notice of executive's revocation within the seven-day revocation period. Any revocation must state "I hereby revoke my acceptance of my Release Agreement." The revocation must be personally delivered or mailed to the Company representative noted in Section 15 and received by such Company representative prior to the expiration of the Revocation Period. If the last day of the Revocation Period is a Saturday, Sunday, or legal holiday in Connecticut, then the Revocation Period shall not expire until the next following day that is not a Saturday, Sunday, or legal holiday. This Release Agreement shall not become effective or enforceable, and the consideration described in the Letter Agreement shall not be payable, until the Revocation Period has expired without such revocation having been given.

12. Effective Date of Release Agreement.

This Release Agreement becomes effective on the day immediately following the day on which the Revocation Period ends; provided that Executive has not revoked this Release Agreement pursuant to Section 11. After Executive signs and dates the Release Agreement, Executive must return the Release Agreement to the Company representative noted in Section 15.

13. No Reliance.

The parties acknowledge that they execute this Release Agreement in reliance on their own personal knowledge, and are not relying on any representation or promise made by any other party that is not contained in this Release Agreement.

14. Entire Agreement.

This Release Agreement contains the entire agreement between the parties concerning the subject matter of this Release Agreement and supersedes all prior negotiations, agreements, or understandings between the parties, except that any obligations of Executive to the Company under the Letter Agreement shall survive the execution of this Release Agreement and continue in full force and effect. No promises or oral or written statements have been made to Executive other than those in the Letter Agreement and this Release Agreement. If any portion of this Release Agreement is found to be unenforceable, all other portions that can be separated from it, or appropriately limited in scope, shall remain fully valid and enforceable. Executive agrees that the Company is entitled to cease severance payments and any other benefit set forth in the Letter Agreement or this Release Agreement, and recover its prior payment of the same if an arbitrator or court of competent jurisdiction determines that any portion of the release contained in this Release Agreement is unenforceable.

15. Notice.

Notices and all other communications contemplated by this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered or one day following mailing via Federal Express or similar overnight courier service. In the case of Executive, mailed notices shall be addressed to Executive at Executive's home address that the Company has on file for Executive. In the case of the Company, mailed notices shall be addressed to its corporate headquarters, and all notices shall be directed to the attention of its Chief Financial Officer and Chief Legal Officer. Any party may serve process in any matter relating to this Release Agreement in the same manner.

16. Governing Law.

This Release Agreement shall be governed by the substantive laws of the State of Connecticut without regard to conflicts of law principles.

17. Counterpart Signatures.

If the Company and Executive sign this Release Agreement in counterparts, each will be deemed the original but all counterparts taken together will constitute one instrument.

18. Headings.

All descriptive headings of sections in this Release Agreement are intended solely for convenience, and no provision of this Release Agreement is to be construed by reference to any such heading.

19. Inducement.

To induce the Company to provide Executive the consideration recited in the Letter Agreement or this Release Agreement, Executive voluntarily executes this Release Agreement,

acknowledges that the only consideration for executing this Release Agreement is that recited in the Letter Agreement or this Release Agreement, and that no other promise, inducement, threat, agreement, or understanding of any kind has been made by anyone to cause Executive to execute this Release Agreement. Executive acknowledges and agrees that the consideration recited in this Release Agreement is more than the Company is required to deliver under its policies and procedures, and that any additional consideration is delivered in consideration for Executive signing this Release Agreement.

Executive agrees that executive has read and understands this release agreement, including the release of claims, and fully understands its terms.

Executive understands this release agreement contains a final release of all known and unknown claims and that executive can make no further claim of any kind against the company or any of the other released parties arising out of actions occurring through the date executive executes this release agreement.

Executive acknowledges that executive has been advised to consult with an attorney prior to signing this release agreement and has had an opportunity to review this release agreement with an attorney.

Executive acknowledges that executive is entering into this release agreement knowingly and voluntarily and without any coercion.

Executive further acknowledges that executive has had [21][45] days to consider this release agreement. If executive signs this release agreement prior to the expiration of the [21][45] days, executive agrees that executive does so voluntarily and of executive's own free will.

(signature page follows)



In witness whereof, each of the parties has executed this Release Agreement, in the case of the Company by its duly authorized officer, as of the day and year set forth below.

FRONTIER COMMUNICATIONS CORPORATION

By: _____
Name:
Title:

Date: _____

EXECUTIVE

[Name of executive]

Date: _____

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Section 4: EX-10.3 (EX-10.3)



Exhibit 10.3

FORM OF SEVERANCE AGREEMENT SENIOR LEADERSHIP TEAM

_____, 2019

[Name]
[Title]
Frontier Communication Corporation

Dear [Name]:

Frontier Communications Corporation has implemented new severance arrangements reflecting changes in our compensation programs over the past few years. As further detailed below, the severance arrangements reflected in this letter agreement ("Agreement") fully replace any previous severance arrangements you may have (or may have had) with the Company.

Upon your termination of employment with the Company, the Company will provide you with severance benefits pursuant to this Agreement.

Your employment with the Company may be terminated by you or the Company for any reason upon 60

days' advance notice (30 days' advance notice in the event you resign for "Good Reason" or "CIC Good Reason" as defined below).

For each termination scenario below, and subject (as applicable) to the release requirement specified below, you will be entitled to receive: (i) your base salary through the date of termination, (ii) any cash incentive earned and vested for a previously completed performance period that has not yet been paid as of the date of termination (payable at the time specified in the applicable cash incentive arrangement), (iii) your accrued but unpaid vacation (payable in accordance with the terms of the Company's vacation policy), and (iv) 3 months of medical coverage with the same subsidy you are receiving as an active employee. Other elements are shown below, with detail regarding payment provided later in this Agreement.

- Without Cause or for Good Reason: If the Company terminates your employment without Cause (as defined in Exhibit A) or you resign your employment for Good Reason (as defined in Exhibit A), you will be entitled to receive:
 - Periodic severance payments totaling to one times your annual Base Salary in effect on the date of your employment termination (with the same timing as regular salary payments and commencing within 60 days following the date of your employment termination, subject to the provisions under the heading "Section 409A" below); and,
 - Treatment of all outstanding awards in accordance with the provisions of their grant agreements.
- Without Cause or for CIC Good Reason Post-CIC: If, within one year following the date of a change in control (as defined in our Equity Plan), the Company terminates your employment without Cause or if you resign your employment for CIC Good Reason (as defined in Exhibit A), or such a termination or resignation occurs within the six-month period preceding a change in control and is related to the change in control (in which case you will be deemed to have incurred an employment termination on the date of the change in control), you will be entitled to receive the following:
 - A lump sum severance payment within 60 days following the date of your employment termination, subject to the provisions under the heading "Section 409A" below, equal to two times the sum of (i) your annual Base Salary in effect on the date of your employment

termination (or, if greater, at the time of the material decrease in your Base Salary that constitutes CIC Good Reason for your resignation), and (ii) your target cash incentive for the calendar year of your termination of employment (or, if greater, at the time of the material decrease in your target cash incentive that constitutes CIC Good Reason for your resignation); and,

- Treatment of all outstanding awards in accordance with the provisions of their grant agreements.
- Only Incremental Amounts Due. It is possible that you will terminate employment prior to the effective date of a change in control and become entitled to benefits under this Agreement on account of such termination of employment, and that the termination of employment will subsequently be determined to have occurred on account of a change in control that occurs after the date of the employment termination. In that event, the amounts and benefits to which you will be entitled under this Agreement upon the occurrence of the change in control will be the incremental amounts and benefits, if any, that exceed the comparable amounts and benefits to which you previously became entitled under this Agreement.
- Release Required. You must sign and not revoke a release of claims agreement (“Release”) by the applicable deadlines as a condition to receipt of the severance benefits (other than Base Salary earned through the date of termination and accrued but unpaid vacation) and you must comply with the restrictive covenants set out under the Non-Competition/Non-Solicitation/Non-Disparagement” heading below. The applicable deadline for signing the Release shall be 45 or fewer days (as specified in the Release) and the deadline for revoking the Release shall be seven or fewer days (as specified in the Release). If you fail to cure a material breach one or more of the restrictive covenants set out under the Non-Competition/Non-Solicitation/Non-Disparagement” heading below with 30 days of written notice from the Company, you will forfeit any severance benefits that have not been paid or provided to you, and you must repay to the Company the amount (or equivalent cash value) of any such severance benefits that have been paid or provided to you. The Company shall provide the Release to you within seven days following your termination of employment date. The specific terms of the Release shall be determined by the Company in its discretion, but it is intended that it shall provide the Company with at least the protections that are included in the specimen release attached hereto as Exhibit B and shall (i) provide for the release all then existing claims against the Company and its affiliates, shareholders, directors, officers, employees and agents in relation to claims relating to or arising out of your employment or the Company’s business, provided, however, that such release shall not bar or prevent you from responding to any litigation or other proceeding initiated by a released party and asserting any claim or counterclaim you have in such litigation or other proceeding as if no such release had been given as to such party, and shall not bar you from claiming rights that arise under, or that are clearly and expressly preserved by, this Agreement; and (ii) reaffirm your agreement to the restrictive covenants set out under the Non-Competition/Non-Solicitation/Non-Disparagement” heading below.
- As detailed further below, the benefits hereunder are designed so that the payments described above are either exempt from Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”), or are paid in compliance with Section 409A and the related Department of Treasury guidance (including but not limited to the six-month delay for payments to “specified employees” triggered by separation from service).

If you resign your employment without Good Reason or CIC Good Reason or the Company terminates your employment for Cause, you will be entitled to receive only the following: (i) your base salary through the date of termination, (ii) your accrued but unpaid vacation (payable in accordance with the term of the Company’s vacation policy), and (iii) only if the requirements for a Release specified above are fully satisfied, any cash incentive earned and vested for a previously completed performance period that has not yet been paid as of the date of termination (payable at the time specified in the applicable cash incentive arrangement). The Company shall not be obligated to provide any advance notice to you in the event it terminates your employment for Cause.

Indemnification

While employed pursuant to this Agreement (and subsequently with respect to the period during which you were so employed), you shall be indemnified by the Company to the fullest extent permitted by its charter, by-laws or the terms of any insurance or other indemnity policy applicable to officers or directors of the Company (including any rights to advances or reimbursement of legal fees thereunder, but excluding indemnification for any violation of the Company's code of conduct or Security and Exchange Commission requirements if it is a material violation, or if applicable law bars indemnification without regard to materiality). The Company's obligation under this paragraph shall survive any termination of your employment or this Agreement.

Non-Competition/Non-Solicitation/Non-Disparagement

You acknowledge and recognize the highly competitive nature of the businesses of the Company and its affiliates and accordingly agree that, while employed by the Company and for a period of one year following any termination of your employment with the Company (the "Restricted Period"), you will not, whether on your own behalf or on behalf of or in conjunction with any person, firm, partnership, joint venture, association, corporation or other business organization, entity or enterprise whatsoever ("Person"),

- Directly or indirectly engage in any business that directly or indirectly competes in any material way with the primary business of the Company;
- Solicit or encourage any employee of the Company or its affiliates to leave the employment of the Company or its affiliates; or
- Hire any such employee who was employed by the Company or its affiliates as of the date of your termination of employment with the Company or who left the employment of the Company or its affiliates coincident with, or within one year prior to or after, the termination of your employment with the Company.

You shall not at any time issue any press release or make any public statement about the Company or any director, officer, employee, successor, parent, subsidiary or agent or representative of, or attorney to the Company (any of the foregoing, a "Company Affiliate") regarding (i) any of the foregoing's financial status, business, services, business methods, compliance with laws, or ethics or otherwise, or (ii) regarding Company personnel, directors, officers, employees, attorneys, agents, that, in either case, is intended or reasonably likely to disparage the Company or any Company Affiliate, or otherwise degrade any Company Affiliate's reputation in the business, industry or legal community in which any such Company Affiliate operates, and the Company shall not at any time (either by official Company action or through a director of the Company or an executive who is a senior vice president or above) issue any press release or make any public statement about you or your spouse that is intended or reasonably likely to disparage your reputation in the business, industry or legal community or otherwise degrade you or your spouse's reputation or standing in their community; provided, that, you and the Company shall be permitted to (a) make any statement that is required by applicable securities or other laws to be included in a filing or disclosure document, subject to prior notice to the other thereof, and (b) defend you or itself against any statement made by the other party (including those made by any Company Affiliate or by any person affiliated with you or your spouse) that is intended or reasonably likely to disparage or otherwise degrade that party's reputation, but only if there is a reasonable belief that the statements made in such defense are not false statements, (c) while employed as an officer of the Company, make any statement that you determine in good faith is necessary or appropriate to the discharge of your duties as an officer of the Company, and (d) provide truthful testimony in any legal proceeding.

It is expressly understood and agreed that although you and the Company consider the restrictions contained in this Agreement to be reasonable, if a final judicial determination is made by a court of competent jurisdiction that the time or territory or any other restriction contained in this Agreement is an unenforceable restriction against you, the provisions of this Agreement shall not be rendered void but shall be deemed amended to apply as to such maximum time and territory and to such maximum extent as such court may judicially determine or indicate to be enforceable. Alternatively, if any court of

competent jurisdiction finds that any restriction contained in this Agreement is unenforceable, and such restriction cannot be amended so as to make it enforceable, such finding shall not affect the enforceability of any of the other restrictions contained herein.

You acknowledge and agree that the remedies at law for a breach or threatened breach of any of the provisions of this Agreement that appear under the "Non-Competition/Non-Solicitation/Non-Disparagement" heading above would be inadequate and the Company would suffer irreparable damages as a result of such breach or threatened breach. In recognition of this fact, you agree that, in the event of such a breach or threatened breach, in addition to any remedies at law, the Company, without posting any bond, shall be entitled to cease making any payments or providing any benefit otherwise required by this Agreement and obtain equitable relief in the form of specific performance, temporary restraining order, temporary or permanent injunction or any other equitable remedy which may then be available. In addition, in the event of an alleged breach of this section by the Company, you shall not be required to post a bond in order to seek equitable relief or any other equitable remedy.

The foregoing provisions of this Agreement under the "Non-Competition/Non-Solicitation/Non-Disparagement" heading above will survive the termination of your employment with the Company for any reason.

Arbitration

Except for the rights to seek specific performance provided above, any other dispute arising out of or asserting breach of this Agreement, or any statutory or common law claim by you relating to your employment under this Agreement or the termination thereof (including without limitation any tort or discrimination claim), shall be exclusively resolved by binding statutory arbitration in accordance with the Employment Dispute Resolution Rules of the American Arbitration Association. Such arbitration process shall take place in Connecticut. A court of competent jurisdiction may enter judgment upon the arbitrator's award. All costs and expenses of arbitration (including fees and disbursements of counsel) shall be borne by the respective party incurring such costs and expenses, unless the arbitrator shall award costs and expenses to the prevailing party in such arbitration.

Amendment

The Compensation Committee of the Board ("Committee") may amend any term or provision of this Agreement with 12 months' advance notice to you. This amendment right allows the Committee to ensure that your overall compensation, the current mix and weighting of compensation components, and the other terms of your employment are adjusted to reflect all of the relevant factors. These factors include, for example, changes in peer group practices, changes in institutional shareholder expectations, other external factors, and developments at the Company. In addition, the Committee shall also have the right to amend any term or provision of this Agreement, with less than 12-months' notice, to the extent that the Committee determines that the change is required by applicable law and that the time when the change is required does not permit 12 months' notice. In this case, the Committee will act reasonably, to the extent possible, to minimize the change and to hold you harmless in the aggregate. In the event that it is necessary to materially reduce compensation on a Company-wide basis, the Committee is entitled to reduce your compensation on the same basis as compensation is reduced for other senior executives, with less than 12-months' notice.

Governing Law

This Agreement will be governed by and construed in accordance with the laws of the State of Connecticut, without regard to conflicts of laws principles thereof.

Entire Agreement and Successors

This Agreement contains the entire understanding of the parties with respect to your potential severance benefits from the Company. There are no restrictions, agreements, promises, warranties, covenants or undertakings between the parties with respect to the subject matter herein other than those expressly set forth herein. In addition, this Agreement supersedes entirely any previous severance arrangements

between you and the Company, specifically including but not limited to any severance benefit provisions (for any type of employment termination) that were included in any previous agreement between you and the Company.

This Agreement shall inure to the benefit of and be binding upon (i) the Company and its subsidiaries, and (ii) you and any personal or legal representatives, executors, administrators, successors, assigns, heirs, distributees, devisees and legatees. Further, the Company will require any successor (whether, direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company and any successor to its business and/or assets which is required by this successor provision to assume and agree to perform this Agreement or which otherwise assumes and agrees to perform this Agreement; provided, however, in the event that any successor, as described above, agrees to assume this Agreement in accordance with the preceding sentence, as of the date such successor so assumes this Agreement, the Company shall cease to be liable for any of the obligations contained in this Agreement.

Withholding Taxes

The Company may withhold from any amount payable under this Agreement such Federal, state and local taxes as may be required to be withheld pursuant to any applicable law or regulation.

Section 409A

This Agreement will be construed and administered to preserve the exemption from Section 409A of the Code, and the Department of Treasury guidance thereunder (collectively, "Section 409A") of each payment pursuant to this Agreement that qualifies as a short-term deferral under Section 409A or otherwise qualifies for exemption from Section 409A. With respect to any other amounts payable pursuant to this Agreement that are subject to Section 409A, it is intended, and this Agreement will be so construed, that any such amounts and the Company's and your exercise of authority or discretion under this Agreement will comply with the provisions of Section 409A, so as not to subject you to the payment of interest and additional tax that may be imposed under Section 409A. For this purpose, and except as otherwise provided below under this heading, each payment of continued Base Salary under this Agreement shall be paid at regular intervals in accordance with the Company's standard payroll practices for the payment of base salary to executives, and each such payment and each payment of any other amounts shall be deemed a separate payment for purposes of Section 409A.

Accordingly, each payment of continued Base Salary severance pay and any single lump payment of severance pay that is payable and paid by March 15th of the year following your termination of employment (or in the case of payments related to a change in control, March 15th of the year following the later of your termination date or the date of the change in control) is intended to be exempt from Section 409A as a short-term deferral. Any remaining continued Base Salary severance pay shall comply with the Section 409A payment rules. For this purpose, the Section 409A payment rules require that, when this Agreement provides for payment upon your termination of employment, (i) this Agreement shall be understood to require payment upon your "separation from service" within the meaning of Section 409A, and (ii) if you are a "specified employee" on the date of your termination of employment, any payment due within the first six months after such termination of employment will be paid on the first business day after six months following such termination of employment or, if earlier, the date of your death. The group of "specified employees" shall be determined in accordance with the Company's then generally applicable rules for determining specified employees in accordance with Section 409A. Otherwise, such payments shall comply by being paid at the regular payment interval, as scheduled.

Similarly, all equity awards subject to this Agreement that may be exempt from Section 409A shall be exempt, and to the extent not exempt shall be paid in accordance with Section 409A based on the terms of the applicable award agreements and the Equity Plan.

To the extent necessary to comply with Section 409A, in no event may you, directly or indirectly, designate the taxable year of payment; in particular, to the extent necessary to comply with Section 409A, for any payment under this Agreement that is conditioned upon you executing and not revoking a

Release. If the 60-day payment period for such payment begins in one taxable year and ends in the next taxable year (or a payment could otherwise vary between one taxable year and the next based on when you execute and do not revoke a release, or when you take any other required action), the payment will be made in the later taxable year.

To the extent necessary to comply with Section 409A, a change in control will be deemed to have occurred only if the event also constitutes a change in the effective ownership or effective control of the Company or a change in the ownership of a substantial portion of the assets of the Company within the meaning of Treasury Regulation section 1.409A-3(i)(5). If you commence severance benefits in the form of installments and subsequently your employment termination is determined to have occurred on account of a change of control as specified above, then (i) severance benefits payable to you subsequent to such change in control shall be considered nonqualified deferred compensation subject to Section 409A to the extent that the comparable benefits to which you were entitled prior to the occurrence of the change in control were considered nonqualified deferred compensation (the "Non-Exempt Payments"), and (ii) if the change in control does not constitute a change in the effective ownership or effective control of the Company or a change in the ownership of a substantial portion of the assets of the Company within the meaning of Treasury Regulation section 1.409A-3(i)(5), such Non-Exempt Payments shall be paid in the form of installments pursuant to the same schedule applicable to the comparable benefits to which you were entitled prior to the occurrence of the change in control; any incremental benefits to which you become entitled that exceed the comparable benefits to which you were entitled prior to the occurrence of the change in control shall be paid as a lump sum as specified above and are intended to be exempt from Section 409A as short-term deferrals within the meaning of the final regulations under Section 409A.

To the extent that any expense reimbursement provided for by this Agreement does not qualify for exclusion from Federal income taxation, the Company will make the reimbursement only if you incur the corresponding expense during your employment with the Company and submit the request for reimbursement to the Company no later than three months prior to the last day of the calendar year following the calendar year in which you incur the expense so that the Company can make the reimbursement on or before the last day of the calendar year following the calendar year in which you incur the expense; the amount of expenses eligible for reimbursement during a calendar year will not affect the amount of expenses eligible for reimbursement in another calendar year; and your right to reimbursement is not subject to liquidation or exchange for another benefit from the Company.

Acknowledgment and Acceptance

Please do not hesitate to contact me with any questions regarding this Severance Agreement. To acknowledge your acceptance of this program, please sign the bottom of this Agreement and email a complete scanned copy back to me directly, which you agree is valid and binding just like the signed original.

Sincerely,

/s/ Elisa Bannon-Jones

Elisa Bannon-Jones
Chief Human Resources Officer
Frontier Communications Corporation

Acceptance

By signing below, I hereby agree to the provisions of this Agreement. I understand that I will not have a contract of employment with the Company for a specified period of time. I further agree to abide by policies and procedures established by the Company.

[Name]

Date

Exhibit A

The following are definitions for purposes of this Agreement.

“Base Salary” means your annual base salary in effect on your termination of employment date.

“Cause” means your:

- Willful and continued failure (other than as a result of physical or mental illness or injury) to perform your material duties to the Company or its subsidiaries which continues beyond 10 days after a written demand for substantial performance is delivered to you by the Company, which demand shall identify and describe such failure with sufficient specificity to allow you to respond;
- Willful or intentional conduct that causes material and demonstrable injury, monetarily or otherwise, to the Company;
- Conviction of, or a plea of guilty or nolo contendere to, a crime constituting a felony under the laws of the United States or any state thereof, or a misdemeanor involving moral turpitude; or
- Material Misconduct (as defined below), subject to reasonable notice and opportunity to cure (if curable, without being inconsistent with the interests of the Company, as reasonably determined in good faith by the Committee).

“Misconduct” means any of the following, as determined by the Committee in good faith:

- Violating any agreement between the Company and you, including but not limited to a violation relating to the disclosure of confidential information or trade secrets, the solicitation of employees, customers, suppliers, licensors or contractors, or the performance of competitive services;
- Competing with the company by working for, managing, operating, controlling or participating in the ownership, operation or control of, any company or entity which provides telephone, Internet or video products or services,
- Violating the Company’s Code of Business Conduct and Ethics;
- Making, or causing or attempting to cause any other person to make, any statement (whether written, oral or electronic), or conveying any information about the Company which is disparaging or which in any way reflects negatively upon the Company, unless required by law or pursuant to a Company policy;
- Improperly disclosing or otherwise misusing any confidential information regarding the Company;
- Unlawful trading in the Company’s securities or of another company based on information gained as a result of your employment or other relationship with the Company;
- Engaging in any act which is considered to be contrary to the best interests of the Company, including but not limited to recruiting or soliciting employees of the Company;
- Commission of a felony or other serious crime; or
- Engaging in any activity which constitutes gross misconduct including, but not limited to, sexual harassment.

“Good Reason” means:

- The material failure of the Company to pay or cause to be paid your Base Salary or annual cash incentive;
- Any substantial and continuing diminution in your position, authority or responsibilities in effect immediately prior to such diminution, including a requirement that you report to a corporate officer or an employee instead of reporting directly to the Board;

- A relocation of your principal office location of more than 50 miles from the Company's Norwalk, Connecticut headquarters or a relocation of your principal office location of a shorter distance that the Committee determines causes you material hardship; or
- A material decrease by the Company of your Base Salary or target annual cash incentive in effect immediately prior to such decrease that is sufficient to be treated as an involuntary termination under Treasury Regulation § 1.409A-1(n)(2) (other than a decrease pursuant to an amendment that does not require 12-months' notice).

In addition to the above definition of "Good Reason", for the purposes of "CIC Good Reason", the following conditions shall also be conditions that constitute "Good Reason":

- A material decrease in your aggregate employee benefits that is sufficient to be treated as an involuntary termination under Treasury Regulation § 1.409A-1(n)(2);
- A material diminution in your reporting relationships, duties or responsibilities, including, without limitation, ceasing to be a chief executive officer who reports directly to the board of directors of a public company; or
- A successor to the Company failing to expressly assume this severance pay arrangement.

Notwithstanding the foregoing, in connection with a resignation for either "Good Reason" or "CIC Good Reason", your resignation will only qualify as being for "Good Reason" or for "CIC Good Reason" (as applicable) if:

- Within 90 days after you first know (or should have known) of the initial existence of a condition listed above (a "Qualifying Condition"), you provide notice to the Committee of the existence of a supposedly Qualifying Condition and the related circumstances that you believe cause it to qualify under the provisions above, and
- Within 30 days after such notice the Company does not remedy the Qualifying Condition, and
- Your termination of employment date occurs within 6 months after the initial existence of the Qualifying Condition.

Exhibit B

Form of General Release Agreement

THIS GENERAL RELEASE AGREEMENT (this “Release Agreement”) is entered into by and between [Name] (“Executive”) and Frontier Communications Corporation, and its subsidiary and affiliate corporations (collectively, the “Company”), with reference to the following facts:

1. Payment Contingent upon Release.

Executive understands that the Company’s obligation to make the payments provided for in the [Agreement], dated as of [date] (the “Letter Agreement”), by and between Executive and the Company, is conditioned upon Executive’s execution of this Release Agreement within [21][45] days after the date on which Executive’s employment terminates (the “Separation Date”) and non-revocation of this Release Agreement in accordance with the terms hereof.

2. General Releases.

In consideration of the Company’s execution of this Release Agreement and of the payments and benefits provided for in the Letter Agreement, which Executive acknowledges is adequate consideration, Executive, on behalf of Executive’s heirs, successors, assigns, executors, and representatives of any kind, releases and forever discharges the Company, its subsidiaries, affiliates, and divisions, and all their past, present, and future employees, directors, officers, agents, stockholders, insurers, attorneys, employee benefit plans and plan fiduciaries, executors, successors, assigns, and other representatives of any kind in their capacities as such (referred to in this Release Agreement collectively as “Released Parties”) from any and all claims, charges, demands, liabilities, or causes of action of any kind, known or unknown, arising through the date Executive executes this Release Agreement, including, but not limited to, any claims, liabilities, or causes of action of any kind arising in connection with Executive’s employment or termination of employment with the Company. Executive also releases and waives any claim or right to further compensation, benefits, damages, penalties, attorneys’ fees, costs, or expenses of any kind from the Company or any of the other Released Parties, except that nothing in this Release Agreement shall affect any rights Executive may have under: (i) this Release Agreement; (ii) any funded retirement or 401(k) plan of the Company; or (iii) the Letter Agreement. Without limitation, Executive waives any right or claim to reinstatement of Executive’s employment with the Company, although Executive may be reemployed by mutual agreement of the parties hereto. The claims that Executive is releasing include, but are not limited to: claims for wrongful discharge; constructive discharge; breach of contract; tortious interference with contract; unlawful terms and conditions of employment; retaliation; defamation; invasion of privacy; unlawful conspiracy; discrimination and/or harassment, including any discrimination and/or harassment claim arising under the Age Discrimination In Employment Act of 1967, 29 U.S.C. §621 et seq. (“ADEA”); Title VII of the Civil Rights Act of 1964, 42 U.S.C. §2000e et seq.; the Federal Rehabilitation Act of 1973, 29 U.S.C. §701 et seq.; the Americans with Disabilities Act of 1990, 42 U.S.C. §12101 et seq.; the Family and Medical Leave Act of 1993, 29 U.S.C. §2601 et seq.; the Fair Labor Standards Act of 1938, 29 U.S.C. §201 et seq.; the Equal Pay Act of 1963, 29 U.S.C. §206(d) et seq.; the Employee Retirement Income Security Act of 1974, 29 U.S.C. §301 et seq.; the Worker Adjustment and Retraining Notification Act, 29 U.S.C. §2101 et seq.; the Connecticut Human Rights & Opportunities Law, Conn. Gen. Stat. § 46a-60 et seq.; Connecticut Wage and Hour Laws, the Connecticut Wage

Payment Law, Conn. Gen. Stat. §§ 31-71a et seq.; and the Connecticut Family and Medical Leave Act, Conn. Gen. Stat. §§ 31-51kk et seq., all as amended; any other federal, state, or local constitutional provision, statute, executive order, and/or ordinance relating to employment, or other civil rights violations; and, except as expressly set forth in the Letter Agreement, any claim for any severance and/or other benefits, any bonus for any year; any rights or benefits under the Company's long-term incentive programs, including, without limitation, all shares of unvested restricted stock and all performance shares that would or might, absent Executive's termination, have vested or become issuable to Executive at dates after the Separation Date; and any other claims whether based on contract or tort.

Executive hereby expressly waives any rights Executive may have under any statute or common law principle concerning the release of claims and potential claims that Executive does not know or suspect to exist in Executive's favor at the time of executing this Release Agreement, which if known to Executive must or might have materially affected Executive's settlement with the Company. Furthermore, Executive acknowledges that Executive intends these consequences even as to claims for damages that may exist as of the date of this Release Agreement but which Executive does not know exist, and which, if known, would materially affect Executive's decision to execute this Release Agreement, regardless of whether Executive's lack of knowledge is the result of ignorance, oversight, error, negligence, or any other cause. Executive acknowledges that if any fact with respect to any matter covered by the Release Agreement is later found to be other than or different from the facts now believed by Executive to be true, the Release Agreement will be and remain in effect, notwithstanding such different facts.

3. No Other Proceedings.

The Executive represents and covenants that Executive has not and will not file or join in any action, charge, claim, complaint, lawsuit, or proceeding of any kind against the Company or any of the other Released Parties (other than pursuing a claim for unemployment compensation benefits to which Executive may be entitled) with respect to any claim that is released in this Release Agreement, including any matter arising out of or in connection with Executive's employment with the Company or the termination of that employment. The Executive covenants and agrees that this Section 3 may be raised as a complete bar to any such action, charge, claim, complaint, lawsuit, or proceeding.

Should Executive file or join (or have filed or have joined) in any action, claim, complaint, lawsuit, or proceeding of any kind against the Company or any of the other Released Parties, based on any claim that Executive has released, or should such an action, claim, complaint, lawsuit, or proceeding be filed on Executive's behalf, Executive agrees to withdraw, dismiss, or cause to be withdrawn or dismissed, with prejudice, any such action, claim, complaint, lawsuit, or proceeding of any kind that is pending in any federal, state, or local agency or court. If Executive breaks this promise and files or joins (or has filed or has joined) in any action, claim, complaint, lawsuit, or proceeding based on any claim that Executive has released, then Executive will pay for all costs the Company or any of the other Released Parties incurs in defending against Executive's claim, including reasonable attorneys' fees, unless prohibited by law.

For the avoidance of doubt, this Release Agreement does not affect or limit any claims that, under controlling law, may not be released by private agreement, including, without limitation, (i) any claims under workers' compensation laws; or (ii) the right to file a charge with

the Equal Employment Opportunity Commission (“EEOC”) or similar state or local agency, or with the National Labor Relations Board, or to provide information to or assist such agency in any proceeding; provided, however, that Executive agrees that by signing this Release Agreement, Executive specifically waives Executive’s right to recover any damages or other relief in any claim or suit brought by or through the EEOC or any other state or local agency under Title VII of the Civil Rights Act of 1964, the American with Disabilities Act, or any other federal, state, or local discrimination law, regardless of whether such claim or suit is brought by Executive or on Executive’s behalf, except where prohibited by law. In addition, nothing in this Release Agreement is intended to prohibit Executive from reporting possible violations of federal law or regulation to any governmental agency or entity, including, but not limited to, the Department of Justice, the Securities and Exchange Commission, Congress, and any agency Inspector General, or making other disclosures that are protected under the whistleblower provisions of federal law or regulation. Executive does not need the prior authorization of the Company to make any such reports or disclosures, nor is Executive required to notify the Company that the Service Provider has made such reports or disclosures.

Additionally, nothing in this Release Agreement shall limit or restrict Executive’s right under the ADEA to challenge the validity of this Release Agreement in a court of law. However, Executive nevertheless understands that in any suit brought solely under the ADEA, Executive will not be entitled to any damages or other relief unless this Release Agreement and the waivers contained in it were deemed to be unlawful or otherwise invalid.

4. No Sale of Claim.

Executive represents that Executive has not given or sold any portion of any claim discussed in this Release Agreement to anyone else.

5. Cooperation.

From and after the Separation Date, Executive agrees to reasonably cooperate with the Company and its financial and legal advisors when and as the Company requests in connection with any claims, investigations, or other proceedings involving the Company with respect to matters occurring while Executive was employed by the Company; provided, however, that Executive shall have no such obligation with respect to claims, investigations, or other proceedings commenced after the second anniversary of the Separation Date. Executive shall receive no additional compensation for rendering such services pursuant to this Section 5; however, the Company will reimburse Executive at Executive’s then-prevailing hourly rate for the time expended by Executive in rendering such services, and for reasonable expenses incurred in connection with such cooperation.

6. Effect of Breach.

If Executive breaches any of Executive’s promises or obligations contained in the Letter Agreement or this Release Agreement, then the Company has the right to immediately stop making the payments described in the Letter Agreement and to seek repayment of payments already made pursuant to the Letter Agreement (except to the extent, if any, prohibited by applicable law). If the Company exercises its rights under this Section 6 to stop making the payments described in the Letter Agreement, then Executive will continue to be obligated to comply with all Executive’s promises and obligations contained in the Letter Agreement and in this Release Agreement. Additionally, if the Company exercises its rights under this Section 6 to

stop making the payments described in the Letter Agreement, then the Company will also have the right to pursue all additional rights it has against Executive pursuant to the Letter Agreement or this Release Agreement, as well as any and all other legal rights it may have against Executive for breaching any of Executive's promises or obligations in the Letter Agreement or this Release Agreement.

7. Arbitration.

The parties agree that any disputes regarding any rights or obligations pursuant to the Letter Agreement or this Release Agreement shall be resolved by final and binding arbitration pursuant to the Employment Rules of the American Arbitration Association, except that the Company may seek injunctive relief to enforce any restrictive covenants in the Letter Agreement or this Release Agreement in any court of competent jurisdiction. Any arbitration hearing must be conducted in Fairfield County, Connecticut, and shall be a confidential and private proceeding.

8. Enforcement.

If any arbitrator or court of competent jurisdiction determines that Executive or the Company has violated any of Executive's or the Company's respective promises or obligations contained in the Letter Agreement or this Release Agreement, then the injured party shall be entitled to recover, in addition to its damages, all costs and expenses incurred in its enforcement efforts, including actual attorneys' fees, from the violating party. In addition, the parties acknowledge and agree that a breach by a party of any of its promises or obligations contained in the Letter Agreement or this Release Agreement shall cause the other party irreparable harm and that the other party and its affiliates shall be entitled to seek injunctive relief, in addition to damages, for any such breach.

9. Taxes.

The Executive recognizes that the payments and benefits provided under the Letter Agreement or this Release Agreement will result in taxable income to Executive that the Company will report to appropriate taxing authorities. The Company shall have the right to deduct from any payment made under the Letter Agreement or this Release Agreement any federal, state, local, or other income, employment, Social Security, Medicare, or other taxes it determines are required by law to be withheld with respect to such payments and benefits, as well as any applicable payroll deductions.

10. Consultation with Counsel.

Executive acknowledges that executive has been advised, in this writing, to consult with an attorney of executive's choice prior to signing this release agreement and that executive has signed this release agreement knowingly, voluntarily, and freely, and with such counsel (if any) as executive deemed appropriate. Executive understands, however, that whether or not to consult with an attorney is Executive's decision. Executive agrees that, except as set forth in the paragraph entitled "Indemnification" under the Letter Agreement, the Company shall not be required to pay any of Executive's attorneys' fees in this or any related matter or lawsuit, now or later, and that the amounts payable under the Letter Agreement and this Release Agreement are in full and complete payment of all matters between Executive and the Company, including, without limitation, attorneys' fees and costs.

11. Right to Revoke Release Agreement.

Executive acknowledges that executive has been provided with a period of [21][45] days in which to consider whether or not to enter into this release agreement. Executive further acknowledges that executive has been advised of executive's right to revoke this release agreement during the seven-day period following execution of this release agreement (the "revocation period"). To revoke, executive must give the company written notice of executive's revocation within the seven-day revocation period. Any revocation must state "I hereby revoke my acceptance of my Release Agreement." The revocation must be personally delivered or mailed to the Company representative noted in Section 15 and received by such Company representative prior to the expiration of the Revocation Period. If the last day of the Revocation Period is a Saturday, Sunday, or legal holiday in Connecticut, then the Revocation Period shall not expire until the next following day that is not a Saturday, Sunday, or legal holiday. This Release Agreement shall not become effective or enforceable, and the consideration described in the Letter Agreement shall not be payable, until the Revocation Period has expired without such revocation having been given.

12. Effective Date of Release Agreement.

This Release Agreement becomes effective on the day immediately following the day on which the Revocation Period ends; provided that Executive has not revoked this Release Agreement pursuant to Section 11. After Executive signs and dates the Release Agreement, Executive must return the Release Agreement to the Company representative noted in Section 15.

13. No Reliance.

The parties acknowledge that they execute this Release Agreement in reliance on their own personal knowledge, and are not relying on any representation or promise made by any other party that is not contained in this Release Agreement.

14. Entire Agreement.

This Release Agreement contains the entire agreement between the parties concerning the subject matter of this Release Agreement and supersedes all prior negotiations, agreements, or understandings between the parties, except that any obligations of Executive to the Company under the Letter Agreement shall survive the execution of this Release Agreement and continue in full force and effect. No promises or oral or written statements have been made to Executive other than those in the Letter Agreement and this Release Agreement. If any portion of this Release Agreement is found to be unenforceable, all other portions that can be separated from it, or appropriately limited in scope, shall remain fully valid and enforceable. Executive agrees that the Company is entitled to cease severance payments and any other benefit set forth in the Letter Agreement or this Release Agreement, and recover its prior payment of the same if an arbitrator or court of competent jurisdiction determines that any portion of the release contained in this Release Agreement is unenforceable.

15. Notice.

Notices and all other communications contemplated by this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered or one day following

mailing via Federal Express or similar overnight courier service. In the case of Executive, mailed notices shall be addressed to Executive at Executive's home address that the Company has on file for Executive. In the case of the Company, mailed notices shall be addressed to its corporate headquarters, and all notices shall be directed to the attention of its Chief Financial Officer and Chief Legal Officer. Any party may serve process in any matter relating to this Release Agreement in the same manner.

16. Governing Law.

This Release Agreement shall be governed by the substantive laws of the State of Connecticut without regard to conflicts of law principles.

17. Counterpart Signatures.

If the Company and Executive sign this Release Agreement in counterparts, each will be deemed the original but all counterparts taken together will constitute one instrument.

18. Headings.

All descriptive headings of sections in this Release Agreement are intended solely for convenience, and no provision of this Release Agreement is to be construed by reference to any such heading.

19. Inducement.

To induce the Company to provide Executive the consideration recited in the Letter Agreement or this Release Agreement, Executive voluntarily executes this Release Agreement, acknowledges that the only consideration for executing this Release Agreement is that recited in the Letter Agreement or this Release Agreement, and that no other promise, inducement, threat, agreement, or understanding of any kind has been made by anyone to cause Executive to execute this Release Agreement. Executive acknowledges and agrees that the consideration recited in this Release Agreement is more than the Company is required to deliver under its policies and procedures, and that any additional consideration is delivered in consideration for Executive signing this Release Agreement.

Executive agrees that executive has read and understands this release agreement, including the release of claims, and fully understands its terms.

Executive understands this release agreement contains a final release of all known and unknown claims and that executive can make no further claim of any kind against the company or any of the other released parties arising out of actions occurring through the date executive executes this release agreement.

Executive acknowledges that executive has been advised to consult with an attorney prior to signing this release agreement and has had an opportunity to review this release agreement with an attorney.

Executive acknowledges that executive is entering into this release agreement knowingly and voluntarily and without any coercion.

Executive further acknowledges that executive has had [21][45] days to consider this release agreement. If executive signs this release agreement prior to the expiration of the [21][45] days, executive agrees that executive does so voluntarily and of executive's own free will.

(signature page follows)

In witness whereof, each of the parties has executed this Release Agreement, in the case of the Company by its duly authorized officer, as of the day and year set forth below.

FRONTIER COMMUNICATIONS
CORPORATION

By: _____
Name:
Title:

Date: _____

EXECUTIVE

[Name of Executive]

Date: _____

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Section 5: EX-31.1 (EX-31.1)

Exhibit 31.1

CERTIFICATIONS

I, Daniel McCarthy, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Frontier Communications Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules

13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2019

/s/ Daniel McCarthy

Daniel McCarthy

President and Chief Executive Officer

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Section 6: EX-31.2 (EX-31.2)

Exhibit 31.2

CERTIFICATIONS

I, Sheldon Bruha, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Frontier Communications Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2019

/s/ Sheldon Bruha

Sheldon Bruha
EVP, Chief Financial Officer

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Section 7: EX-32 (EX-32)

Exhibit 32

CERTIFICATIONS PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Frontier Communications Corporation (the "Company") on Form 10-Q for the period ended June 30, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Daniel McCarthy, President and Chief Executive Officer and Sheldon Bruha, Interim Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Daniel McCarthy

Daniel McCarthy
President and Chief Executive Officer
August 7, 2019

/s/ Sheldon Bruha

Sheldon Bruha
EVP, Chief Financial Officer
August 7, 2019

This certification is made solely for purpose of 18 U.S.C. Section 1350, subject to the knowledge standard contained therein, and not for any other purpose.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signatures that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Frontier Communications Corporation and will be retained by Frontier Communications Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

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