



INVESTOR UPDATE

First Quarter 2019

April 30, 2019

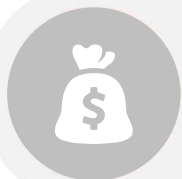
Agenda



STRATEGIC AND OPERATIONAL REVIEW

DANIEL MCCARTHY

President & Chief Executive Officer



FINANCIAL REVIEW

SHELDON BRUHA

Senior Vice President & Interim Chief Financial Officer

Business Update

\$2.10B

TOTAL REVENUE

- Consumer revenue of **\$1,077 million**
- Consumer customer churn of **1.99%, a slight sequential increase**
- Consumer ARPC of **\$89.14, a sequential increase**
- Commercial revenue of **\$932 million**
- Commercial customers of **400,000**

\$87M

Net loss¹

\$873M

Adjusted EBITDA²

Pressure from expense seasonality and revenue declines partly offset by transformation benefits

\$1.65B

Maturities extended

Continued focus on improving financial profile

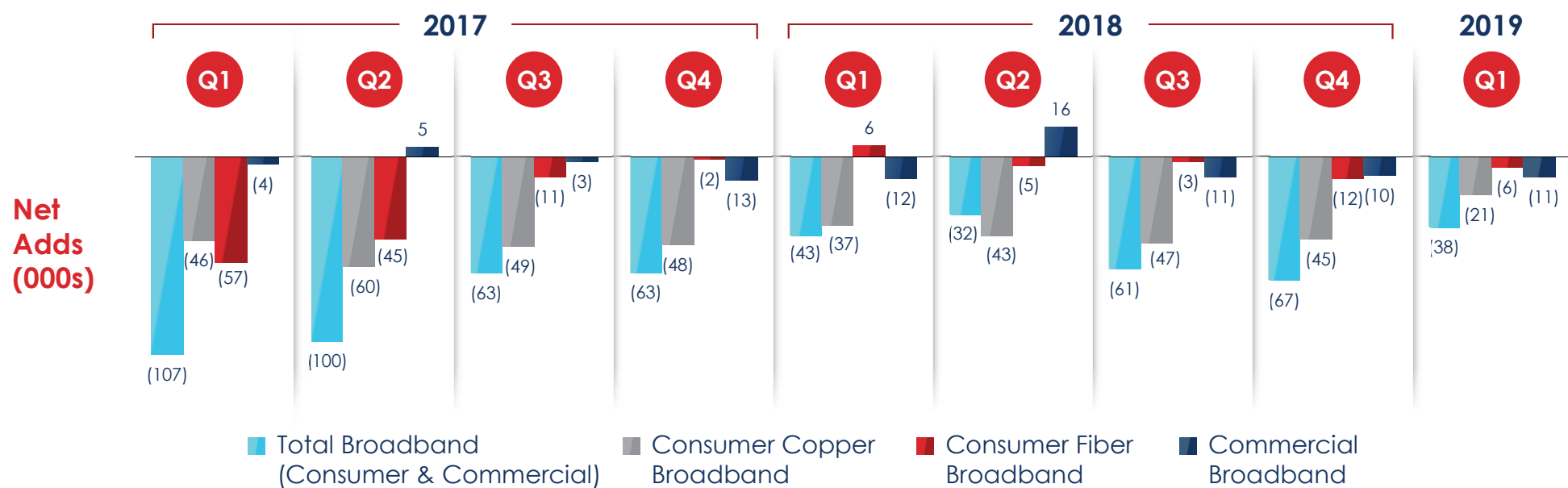
\$35M

Transformation EBITDA benefit attained in Q1
(Annualized)

¹ Includes severance expense of \$15 million, debt extinguishment costs of \$20 million, and income tax expense of \$18 million.

² Adjusted EBITDA is a non-GAAP measure – see Appendix for its calculation

Broadband Unit Trends

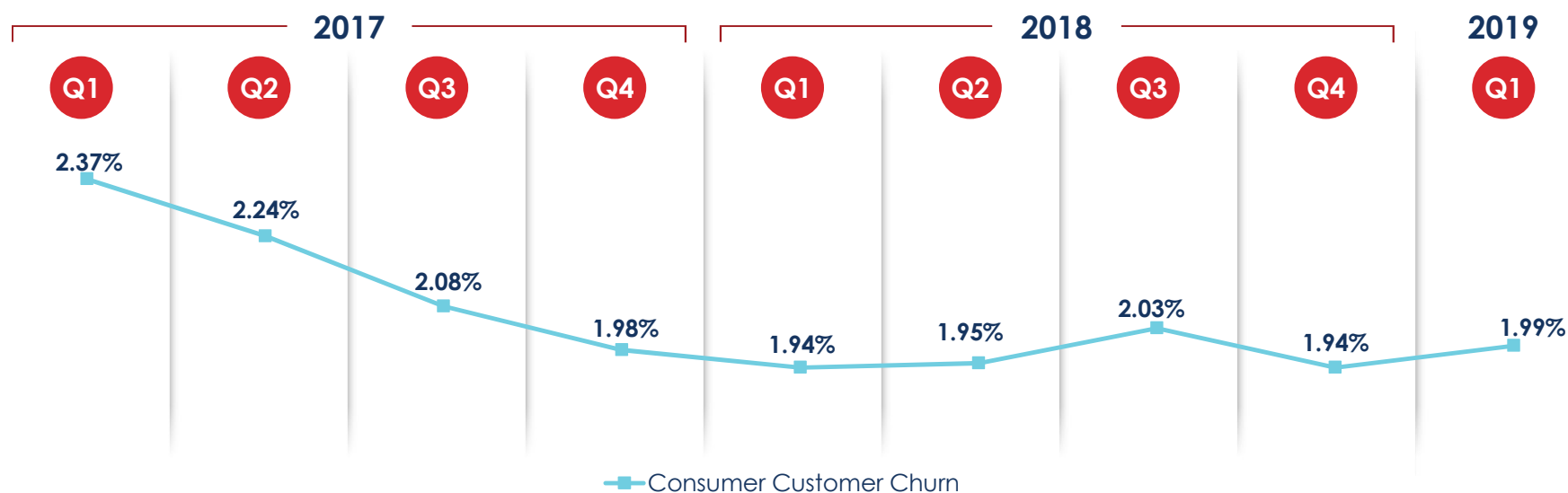


Substantial improvement in broadband unit trends

Consumer Copper net add improvement reflects improved churn

Fiber improvements reflect stronger gross additions

Customer Churn Trends



Q1 churn increased slightly sequentially

Churn improvement initiatives continue to yield results

Sequential churn increase reflects impact of video departures—being offset by better sales

Agenda



STRATEGIC AND OPERATIONAL REVIEW

DANIEL MCCARTHY

President & Chief Executive Officer



FINANCIAL REVIEW

SHELDON BRUHA

Senior Vice President & Interim Chief Financial Officer

Key Financial Highlights

(\$ in Millions)	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019
Total Revenue	\$2,199	\$2,162	\$2,126	\$2,124	\$2,101
Customer	\$2,102	\$2,065	\$2,031	\$2,030	\$2,009
Subsidy	\$97	\$97	\$95	\$94	\$92
Net Income (Loss)	\$20	(\$18)	(\$426)	(\$219)	(\$87)
Net Cash Provided from Operating Activities	\$251	\$672	\$286	\$603	\$282
Adjusted Operating Expenses*	\$1,291	\$1,278	\$1,248	\$1,229	\$1,228
Adjusted EBITDA*	\$908	\$884	\$878	\$895	\$873
Adjusted EBITDA Margin*	41.3%	40.9%	41.3%	42.1%	41.6%
CapEx	\$297	\$321	\$329	\$245	\$305
LTM Operating Free Cash Flow*	\$632	\$721	\$604	\$620	\$643

* Adjusted Operating Expenses, Adjusted EBITDA, Adjusted EBITDA Margin and Operating Free Cash Flow are non-GAAP measures - see Appendix for their calculations

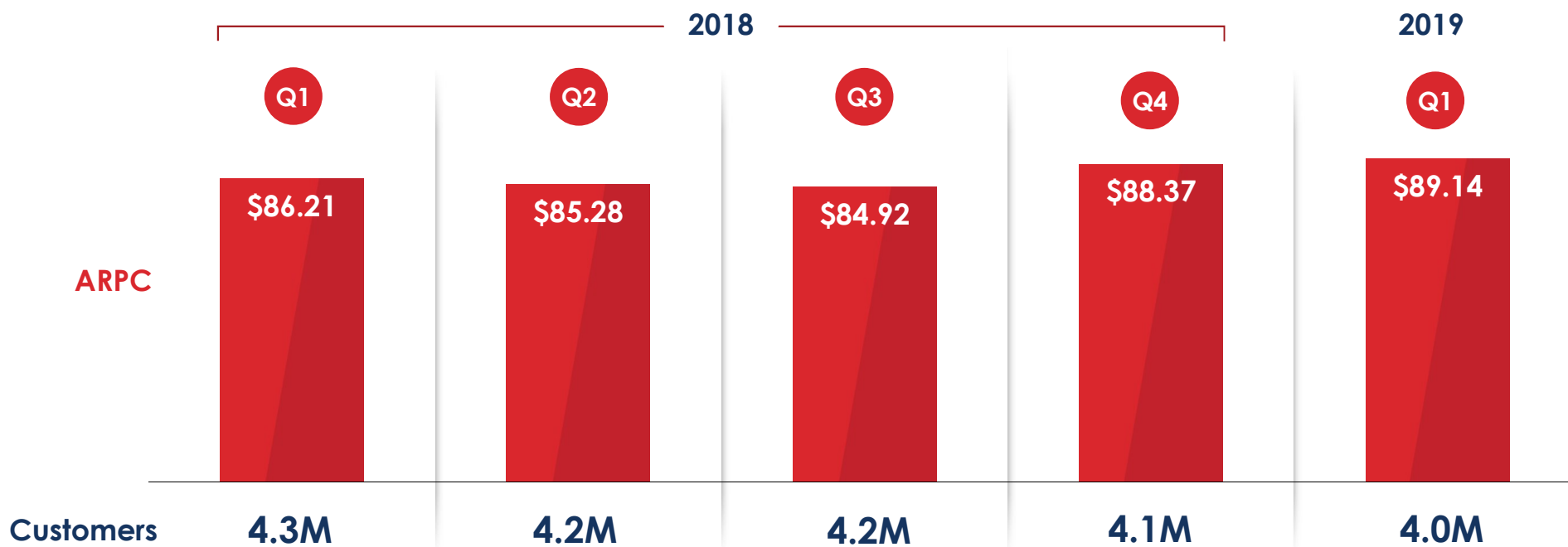
- **Q1 revenue** declined 1% sequentially
- **Stable operating expense performance** despite Q1 expense seasonality
- **Maintaining >40% adjusted EBITDA margin** consistently
- **Operating FCF of \$643M** for trailing four quarters

Product & Customer Revenue

(\$ in Millions)	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019
Data & Internet Services	\$985	\$973	\$961	\$959	\$967
Voice Services	\$702	\$682	\$669	\$668	\$650
Video Services	\$280	\$270	\$260	\$275	\$268
Other	\$135	\$140	\$141	\$128	\$124
Total Customer Revenue	\$2,102	\$2,065	\$2,031	\$2,030	\$2,009
Consumer	\$1,128	\$1,095	\$1,069	\$1,088	\$1,077
Commercial	\$974	\$970	\$962	\$942	\$932
Total Customer Revenue	\$2,102	\$2,065	\$2,031	\$2,030	\$2,009
Subsidy Revenue	\$97	\$97	\$95	\$94	\$92
Total Revenue	\$2,199	\$2,162	\$2,126	\$2,124	\$2,101

- **Data & Internet services revenue** increased sequentially
- **Voice services revenue** declines similar to prior trends
- **Consumer revenue** declined 1% sequentially
- **Commercial revenue** decline driven by voice

Consumer ARPC

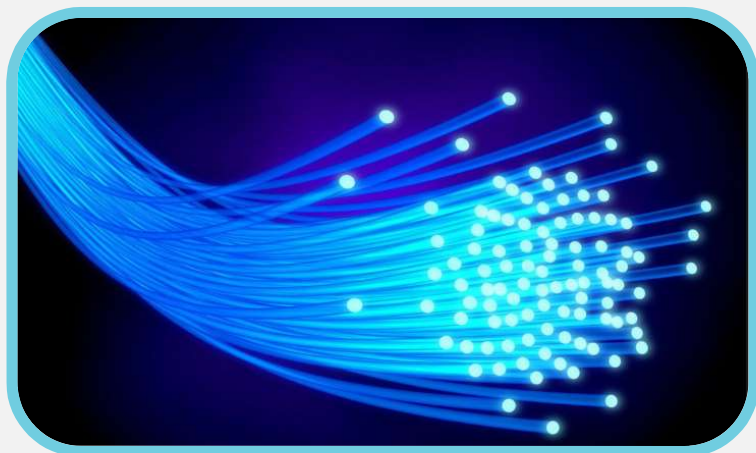


Consumer ARPC
increased sequentially

Continued to improve base
management techniques

Consumer ARPC increased
despite increased video losses

Capital Spending Update



\$305M

in CapEx Spent
in 1Q 2019

Projects Completed & Underway

- ✓ **Upgrading FTTH to 10 Gbps** for Commercial applications-- enabling 10 Gbps Ethernet, expanding 5G backhaul capacity, and enabling Gigabit Consumer broadband
- ✓ **CAF II: ~496K locations** enabled with CAF II broadband
- ✓ **Building FTTH to ~19K rural HHs** leveraging state funding sources
- ✓ **Fixed wireless broadband** builds continue in CAF areas

Capital Structure Progress

Issued **\$1.65B senior secured notes due 2027**; repaid loans due 2021

Extended **Revolver until 2024**

Repaid **\$348M** of unsecured notes on schedule

Closed **\$76M** tower sale in **January 2019**

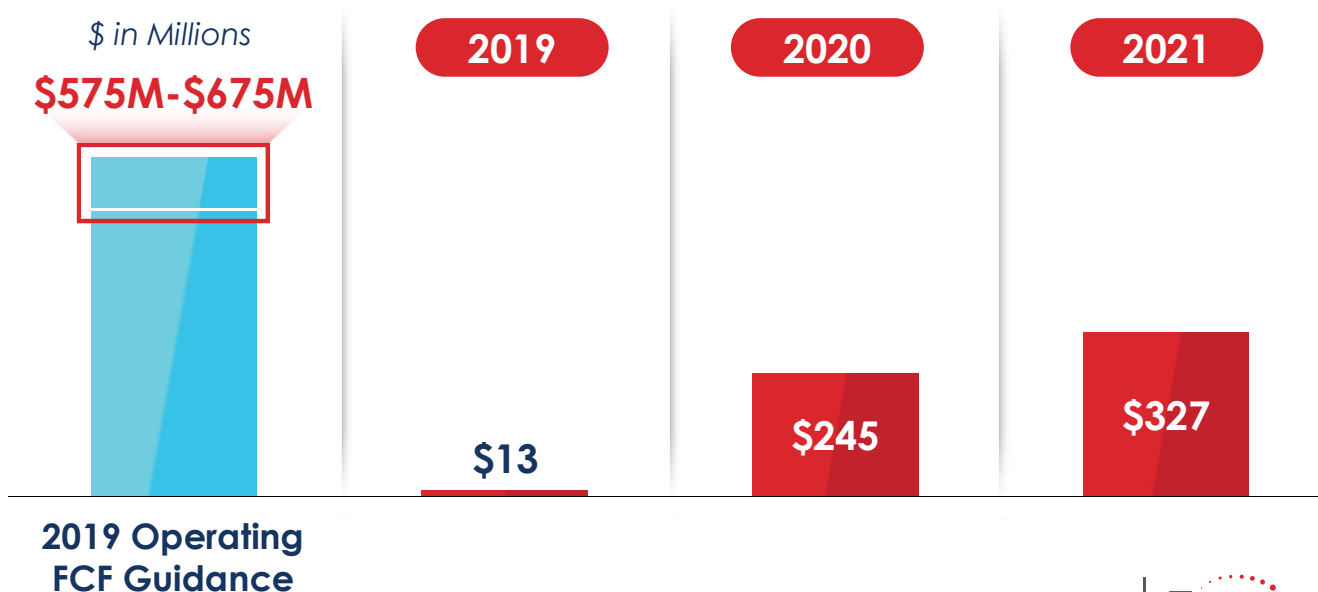


RESULT

Runway cleared through **2021**

See Appendix for additional information

Manageable near-term maturity profile
relative to 2019 operating free cash flow guidance of \$575M-\$675M



Reaffirming 2019 Guidance



\$3.45B-\$3.55B

Adjusted EBITDA*

Includes \$50-100M Transformation benefit

~\$175M

Cash Pension / OPEB

~\$1.15B

Capital Expenditures

~\$1.475B

Cash Interest Expense

<\$25M

Cash Taxes

\$575M-\$675M

Operating Free Cash Flow*

*Adjusted EBITDA and Operating Free Cash Flow are non-GAAP measures - see Appendix for their calculations.



Appendix

Safe Harbor Statement

Forward-looking Language

This earnings release contains "forward-looking statements," related to future events. Forward-looking statements address Frontier's expected future business, 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 Frontier, particular uncertainties that could cause actual results to be materially different than those expressed in such forward-looking statements include: declines in revenue from Frontier's voice services, switched and non-switched access and video and data services that it cannot stabilize or offset with increases in revenue from other products and services; Frontier's ability to successfully implement strategic initiatives, including opportunities to enhance revenue and realize operational improvements; competition from cable, wireless and wireline carriers, satellite, and OTT companies, and the risk that Frontier will not respond on a timely or profitable basis; Frontier's ability to successfully adjust to changes in the communications industry, including the effects of technological changes and competition on its capital expenditures, products and service offerings; risks related to disruptions in Frontier's networks, infrastructure and information technology that may 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; Frontier's ability to retain or attract new customers and to maintain relationships with customers, employees or suppliers; Frontier's ability to hire or retain key personnel; Frontier's ability to realize anticipated benefits from recent acquisitions; Frontier's ability to dispose of certain assets or asset groups on terms that are attractive to it, or at all; Frontier's ability to effectively manage its operations, operating expenses, capital expenditures, debt service requirements and cash paid for income taxes and liquidity; Frontier's ability to defend against litigation and potentially unfavorable results from current pending and future litigation; adverse changes in the credit markets, which could impact the availability and cost of financing; Frontier's ability to repay or refinance its 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 Frontier's debt securities by nationally accredited ratings organizations; covenants in Frontier's indentures and credit agreements that may limit Frontier's operational and financial flexibility as well as its ability to access the capital markets in the future; the effects of state regulatory requirements that could limit Frontier's ability to transfer cash among its subsidiaries or dividend funds up to the parent company; the effects of governmental legislation and regulation on Frontier's business; the impact of regulatory, investigative and legal proceedings and legal compliance risks; government infrastructure projects that impact capital expenditures; continued reductions in switched access revenue 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 Frontier and its competitors; Frontier's ability to meet its remaining CAF II funding obligations and the risk of penalties or obligations to return certain CAF II funds; Frontier's ability to effectively manage service quality and meet mandated service quality metrics; the effects of changes in accounting policies or practices, including potential future impairment charges with respect to intangible assets; 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 Frontier's competitors more than it, as well as potential future decreases in the value of Frontier's deferred tax assets; the effects of increased medical expenses and pension and postemployment expenses; Frontier's ability to successfully renegotiate union contracts; changes in pension plan assumptions, interest rates, discount rates, regulatory rules and/or the value of Frontier's pension plan assets, which could require Frontier to make increased contributions to its pension plans; the effects of changes in both general and local economic conditions in the markets that Frontier serves; the effects of severe weather events or other natural or man-made disasters, which may increase operating and capital expenses or adversely impact customer revenue; and the risks and other factors contained in Frontier's filings with the U.S. Securities and Exchange Commission, including its reports on Forms 10-K and 10-Q. These risks and uncertainties may cause actual future results to be materially different than those expressed in such forward-looking statements. Frontier has no obligation to update or revise these forward-looking statements and does not undertake to do so.



Non-GAAP Financial Measures

Frontier uses certain non-GAAP financial measures in evaluating its performance, including EBITDA, EBITDA margin, Adjusted EBITDA, Adjusted EBITDA margin, operating free cash flow, adjusted operating expenses, and leverage ratio, each of which is described below. Management uses these non-GAAP financial measures internally to (i) assist in analyzing Frontier's underlying financial performance from period to period, (ii) analyze and evaluate strategic and operational decisions, (iii) establish criteria for compensation decisions, and (iv) assist in the understanding of Frontier's ability to generate cash flow and, as a result, to plan for future capital and operational decisions. Management believes that the presentation of these non-GAAP financial measures provides useful information to investors regarding Frontier's financial condition and results of operations because these measures, when used in conjunction with related GAAP financial measures (i) provide a more comprehensive view of Frontier's core operations and ability to generate cash flow, (ii) provide investors with the financial analytical framework upon which management bases financial, operational, compensation, and planning decisions and (iii) present measurements that investors and rating agencies have indicated to management are useful to them in assessing Frontier and its results of operations.

A reconciliation of these measures to the most comparable financial measures calculated and presented in accordance with GAAP is included in the accompanying tables. These non-GAAP financial measures are not measures of financial performance or liquidity under GAAP, nor are they alternatives to GAAP measures and they may not be comparable to similarly titled measures of other companies.

EBITDA is defined as net income (loss) less income tax expense (benefit), interest expense, investment and other income (loss), pension settlement costs, gains/losses on extinguishment of debt, and depreciation and amortization. EBITDA margin is calculated by dividing EBITDA by total revenue.

Adjusted EBITDA is defined as EBITDA, as described above, adjusted to exclude certain pension/OPEB expenses, restructuring costs and other charges, stock-based compensation expense, goodwill impairment charges, and certain other non-recurring items. Adjusted EBITDA margin is calculated by dividing adjusted EBITDA by total revenue.

Management uses EBITDA, EBITDA margin, adjusted EBITDA and adjusted EBITDA margin to assist it in comparing performance from period to period and as measures of operational performance. Management believes that these non-GAAP measures provide useful information for investors in evaluating Frontier's operational performance

from period to period because they exclude depreciation and amortization expenses related to investments made in prior periods and are determined without regard to capital structure or investment activities. By excluding capital expenditures, debt repayments and dividends, among other factors, these non-GAAP financial measures have certain shortcomings. Management compensates for these shortcomings by utilizing these non-GAAP financial measures in conjunction with the comparable GAAP financial measures.

Adjusted net income (loss) attributable to Frontier common shareholders is defined as net income (loss) attributable to Frontier common shareholders and excludes restructuring costs and other charges, pension settlement costs, goodwill impairment charges, certain income tax items and the income tax effect of these items, and certain other non-recurring items. Adjusting for these items allows investors to better understand and analyze Frontier's financial performance over the periods presented.

Management defines operating free cash flow, a non-GAAP measure, as net cash provided from operating activities less capital expenditures. Management uses operating free cash flow to assist it in comparing liquidity from period to period and to obtain a more comprehensive view of Frontier's core operations and ability to generate cash flow. Management believes that this non-GAAP

measure is useful to investors in evaluating cash available to service debt and pay dividends. This non-GAAP financial measure has certain shortcomings; it does not represent the residual cash flow available for discretionary expenditures, as items such as debt repayments and preferred stock dividends are not deducted in determining such measure. Management compensates for these shortcomings by utilizing this non-GAAP financial measure in conjunction with the comparable GAAP financial measure.

Adjusted operating expenses is defined as operating expenses adjusted to exclude depreciation and amortization, restructuring and other charges, goodwill impairment charges, certain pension/OPEB expenses, stock-based compensation expense, and certain other non-recurring items. Investors have indicated that this non-GAAP measure is useful in evaluating Frontier's performance.

Leverage ratio is calculated as net debt (total debt less cash and cash equivalents) divided by Adjusted EBITDA for the most recent four quarters. Investors have indicated that this non-GAAP measure is useful in evaluating Frontier's debt levels.

The information in this presentation should be read in conjunction with the financial statements and footnotes contained in Frontier's documents filed with the U.S. Securities and Exchange Commission.

Non-GAAP Financial Measures



(\$ in Millions)	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019
Net Income (Loss)	20	(18)	(426)	(219)	(87)
Add back (Subtract):					
Income Tax Expense (Benefit)	13	(20)	(4)	(51)	18
Interest Expense	374	385	389	388	379
Investment and Other (Income) Loss, Net	(8)	(5)	(3)	3	9
Pension Settlement Costs	-	25	9	7	-
(Gain) Loss on Extinguishment of Debt	(33)	-	2	(1)	20
Operating Income (Loss)	366	367	(33)	127	339
Depreciation and Amortization	505	486	471	492	484
EBITDA	\$871	\$853	\$438	\$619	\$823
Add back:					
Pension/OPEB Expense	22	23	21	19	20
Restructuring Costs and Other Charges	4	2	14	15	28
Stock-based Compensation Expense	4	5	5	4	3
Work Stoppage Costs	7	1	-	-	-
Storm Related Insurance Proceeds	-	-	-	(3)	(1)
Goodwill Impairment	-	-	400	241	-
Adjusted EBITDA*	\$908	\$884	\$878	\$895	\$873
EBITDA Margin	39.6%	39.5%	20.6%	29.1%	39.1%
Adjusted EBITDA Margin	41.3%	40.9%	41.3%	42.1%	41.6%

Non-GAAP Financial Measures



(\$ in Millions)	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019
Total Operating Expenses	\$1,833	\$1,795	\$2,159	\$1,997	\$1,762
Subtract:					
Depreciation and Amortization	505	486	471	492	484
Goodwill Impairment	-	-	400	241	-
Pension/OPEB Expense	22	23	21	19	20
Restructuring Costs and Other Charges	4	2	14	15	28
Stock-based Compensation Expense	4	5	5	4	3
Storm Related Insurance Proceeds	-	-	-	(3)	(1)
Work Stoppage Costs	7	1	-	-	-
Adjusted Operating Expenses	\$1,291	\$1,278	\$1,248	\$1,229	\$1,228

Non-GAAP Financial Measures



Quarterly Results

(\$ in Millions)	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019
Net Cash Provided from Operating Activities	\$251	\$672	\$286	\$603	\$282
Capital Expenditures – Business Operations	(297)	(321)	(329)	(245)	(305)
Operating Free Cash Flow	(\$46)	\$351	(\$43)	\$358	(\$23)

Trailing Four Quarter Results

(\$ in Millions)	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019
Net Cash Provided from Operating Activities	\$1,801	\$1,944	\$1,874	\$1,812	\$1,843
Capital Expenditures – Business Operations	(1,136)	(1,194)	(1,255)	(1,192)	(1,200)
Capital Expenditures – Integration	(33)	(29)	(15)	-	-
Operating Free Cash Flow	\$632	\$721	\$604	\$620	\$643

Manageable Near-Term Debt Maturities

Pro forma for March 31, 2019

