2016 Annual Report and Proxy Statement

Frontier™
COMMUNICATIONS

Leadership Team

SENIOR LEADERSHIP TEAM

(Left to right)

Kenneth A. Arndt
Executive Vice President, Commercial Sales

Steve Gable
Executive Vice President and Chief Technology Officer

Mark D. Nielsen
Executive Vice President and Chief Legal Officer

Kathleen A. Weslock
Executive Vice President and Chief People Officer

Daniel J. McCarthy
President and Chief Executive Officer

John J. Lass
Executive Vice President, Customer Operations

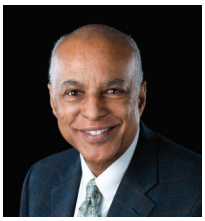
Perley McBride
Executive Vice President and Chief Financial Officer

Cecilia K. McKenney
Executive Vice President and Chief Customer Officer

Tim V. Travaille
Executive Vice President, Operational Transformation

BOARD OF DIRECTORS

Pamela D. A. Reeve
Chairman of the Board



Leroy T. Barnes Jr.

Peter C.B. Bynoe

Diana S. Ferguson

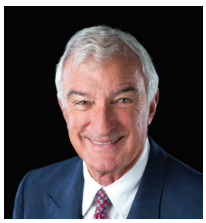
Edward Fraioli

Daniel J. McCarthy

Virginia P. Ruesterholz

Howard L. Schrott

Mark Shapiro



Myron A. Wick III

Biographic information about Frontier's directors is included in the company's Proxy Statement and posted to its website.

Message from the Chairman

PAMELA D.A. REEVE
Chairman of the Board

FELLOW SHAREHOLDERS:

As Chairman of Frontier Communications Corporation, I am pleased to invite you to participate in our 2017 annual meeting.

For the first time, this year Frontier will host a virtual annual meeting. A virtual annual meeting allows shareholders to log onto a unique website using a code and to cast their votes and ask questions. Webcasting our meeting will allow shareholders to participate online from any location around the globe. We believe that this new format is inclusive, convenient, and investor-friendly.

The items to be voted on this year include the election of directors, approval of executive compensation and the frequency of future Say-on-Pay votes, approval of a new equity incentive plan, ratification of the selection of our independent registered public accounting firm, and approval of a reverse stock split. The reverse split would reduce the number of shares in circulation, as well as the number of authorized shares, and position the stock at a price point that would allow investment firms to recommend it to retail investors.

Please be sure to vote your shares and make sure that your voice is heard.

Sincerely,

PAMELA D.A. REEVE
Chairman of the Board

Letter from the President & CEO

29 states served

28,000 employees

$8.896B in revenue in 2016

improved revenue mix of business, residential data, and video

proud sponsor of initiatives to hire and support military veterans

DANIEL J. MCCARTHY
President and
Chief Executive Officer

FELLOW SHAREHOLDERS:

Frontier Communications is a much different company than it was just one year ago. Our April 2016 acquisition of Verizon's wireline operations in California, Texas, and Florida doubled our size, presented operational issues that have steadily improved, taught us valuable lessons, and helped better position the company for success in 2017. We are sharply focused on delivering a better customer experience and improved operational and financial performance.

The Right Structure

We have seen a marked improvement in customer service since creating distinct customer-centric consumer and commercial business units. This new business structure has resulted in faster, more consistent execution and standardized processes; permitted greater automation; and facilitated cost reductions. Regionalized functions that do not face customers – such as finance, human resources, marketing, engineering, information technology, and communications – were centralized to support each business unit. This eliminated organizational layers and duplicative roles and costs while enabling us to deploy capital more efficiently. We continue to identify initiatives throughout the organization to improve service to our customers.

A Consumer Sales Strategy Focused on Broadband

Our consumer sales group is focused on residential customers and is using our increased broadband speed, capacity, and availability to pursue growth opportunities. We are maximizing our existing copper assets, improving speed capabilities to more than 100 Mbps through capital-efficient enhancements to our fiber-to-the-node infrastructure that allow real-time streaming video in addition to traditional Internet usage. Frontier, through our own investments and in combination with the Federal Communications Commission Connect America Fund (CAF II), continues to expand our network to deploy more broadband and upgrade our offerings. CAF II deployments are expected to increase Frontier's broadband footprint to more than 700,000 households throughout the life of the program.

A Commercial Sales Strategy for Today's Business

We entered the California, Texas, and Florida markets knowing that commercial opportunities were plentiful and that penetration was low in certain high-value segments. We have set our sights on small business opportunities and on large, compelling value propositions, such as universities, school districts, financial institutions, healthcare providers, and carriers. Smart pricing and marketing are part of our effort to acquire, retain, and expand relationships with these customer groups.

Commercial customers want dedicated customer service and Ethernet-based solutions. Our portfolio includes Ethernet over Copper and uses Frontier's existing copper networks to offer faster installation and more cost-effective service. We continue to leverage our existing copper transport systems by identifying areas with the greatest potential for new Ethernet sales based on commercial activity and competition. The California, Texas, and Florida markets also increased the density of on-net fiber buildings in our footprint, giving Frontier pipes into businesses where we can layer Ethernet and cloud-based services.

Improved Financial Flexibility

We created additional financial flexibility by extending our revolving credit facility from 2018 to 2022 and by amending our loan covenants and unifying them with the revolver. This improved flexibility helps solidify Frontier's financial picture as we transition to normalized operations in California, Texas, and Florida.

> "We are sharply focused on delivering a better customer experience and improved operational and financial performance."

Focusing on Our Future

We will continue to reinvent ourselves in ways large and small, and we will be the better for it. We will keep identifying new opportunities to produce critical improvements in customer service, operations, and financial performance. Our long-term success depends on it – and I know the Frontier team is up to the challenge.

Sincerely,

DANIEL J. MCCARTHY
President and Chief Executive Officer

Corporate Information

HEADQUARTERS

Frontier Communications Corporation
401 Merritt 7
Norwalk, Connecticut 06851
203.614.5600
www.frontier.com

Investor Relations Department
Phone: 866.491.5249
Email: ir@ftr.com

STOCK TRANSFER AGENT

Questions concerning dividend payments, lost certificates, change of address, receipt of duplicate material, stock transfers, account consolidations, and all other account-related information should be directed to Computershare using the following contact information:

Transfer Agent
Computershare
Phone: 877.770.0496 or 781.575.2382

Shareholder Website
http://www-us.computershare.com/investor

Shareholder Online Inquiries
http://www-us.computershare.com/investor/contact

Regular Mail Delivery
Computershare Investor Services
P.O. Box 43078
Providence, RI 02940-3078

Overnight Mail Delivery
Computershare Investor Services
250 Royall Street
Canton, MA 02021

STOCK TRADING

Frontier's common stock and preferred stock trade on the NASDAQ Global Select Market under the ticker symbols FTR and FTRPR, respectively.

INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

The statements set forth in this report that are not historical facts are forward-looking statements that involve risks and opportunities that could cause actual results to differ materially from those set forth in, or implied by, the forward-looking statements. For risk factors associated with Frontier and its business, please refer to our Annual Report on Form 10-K for the fiscal year ended December 31, 2016.

ABOUT US

Frontier Communications Corporation (NASDAQ: FTR) is a leader in providing communications services to urban, suburban, and rural communities in 29 states. Frontier offers a variety of services to residential customers over its fiber-optic and copper networks, including video, high-speed Internet, advanced voice, and Frontier Secure® digital protection solutions. Frontier's video offerings include Frontier FiOS® and Vantage TV by Frontier™ with 100 percent HD picture quality, Total Home DVR, instant channel change, enhanced search, Video on Demand, and much more. Business Edge™ offers communications solutions to small, medium, and enterprise businesses. More information about Frontier is available at www.frontier.com.

401 Merritt 7, Norwalk, CT 06851
(203) 614-5600

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

VIRTUAL MEETING OF STOCKHOLDERS VIA LIVE WEBCAST

Time and Date:	10:00 a.m., Eastern Time, on May 10, 2017
Items of Business:	• To elect 10 directors; • To consider and vote upon an advisory proposal to approve executive compensation; • To consider and vote upon an advisory proposal on the frequency of the executive compensation proposal; • To approve a proposal to adopt Frontier's 2017 Equity Incentive Plan; • To approve a proposal to adopt an amendment to Frontier's Restated Certificate of Incorporation to: (i) effect a reverse stock split of the issued shares of Frontier common stock, at a reverse stock split ratio of not less than 1-for-10 and not more than 1-for-25, and to reduce the total number of shares of common stock that Frontier is authorized to issue from 1,750,000,000 to 175,000,000; • To ratify the selection of KPMG LLP as our independent registered public accounting firm for 2017; and • To transact any other business that may properly be brought before the meeting or any adjournment or postponement of the meeting.
Record Date:	Stockholders of record at the close of business on March 13, 2017 are entitled to vote at the meeting or any adjournments or postponements thereof.

Your vote is very important. On or about March 28, 2017, we mailed a Notice of Internet Availability of Proxy Materials (the Notice). The Notice includes instructions on how to access our Proxy Statement and 2016 Annual Report and vote online. Stockholders who received a printed copy of our proxy materials may also vote by mail by signing, dating and returning the proxy card in the envelope provided. Voting now will not limit your right to change your vote or participate in the meeting.

This year's Annual Meeting will be a virtual meeting, which means that you will be able to participate in the Annual Meeting via live webcast by visiting www.virtualshareholdermeeting.com/FTR2017. **Because the Annual Meeting this year is virtual and being conducted electronically, stockholders will not be able to attend the Annual Meeting in person.**

By Order of the Board of Directors

Mark D. Nielsen
Executive Vice President and Chief Legal Officer
March 28, 2017

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be held on May 10, 2017.

The Proxy Statement and 2016 Annual Report are available at *www.proxyvote.com*.

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PROXY SUMMARY

This summary highlights information contained elsewhere in this Proxy Statement about Frontier Communications Corporation. You should read the entire Proxy Statement carefully before voting.

2017 Annual Meeting

Date	Time
May 10, 2017	10:00 a.m., Eastern Time
Record Date	**Via the internet**
March 13, 2017	www.virtualshareholdermeeting.com/FTR2017

Meeting Agenda and Voting Matters

Proposal	Board Vote Recommendation	Page Reference (for more information)
Item 1– Election of Directors	FOR each nominee	12
Item 2– Advisory Vote to Approve Executive Compensation (Say-on-Pay)	FOR	54
Item 3– Advisory Vote on the Frequency of Compensation Proposal (Say-on-Frequency)	FOR	55
Item 4– Vote to Approve Frontier's 2017 Equity Incentive Plan	FOR	56
Item 5– Vote to Approve Amendment to Certificate of Incorporation To Effect Reverse Stock Split and Reduction of the Authorized Number of Shares of Common Stock	FOR	67
Item 6– Ratification of Selection of Independent Registered Public Accounting Firm	FOR	76

Director Nominees

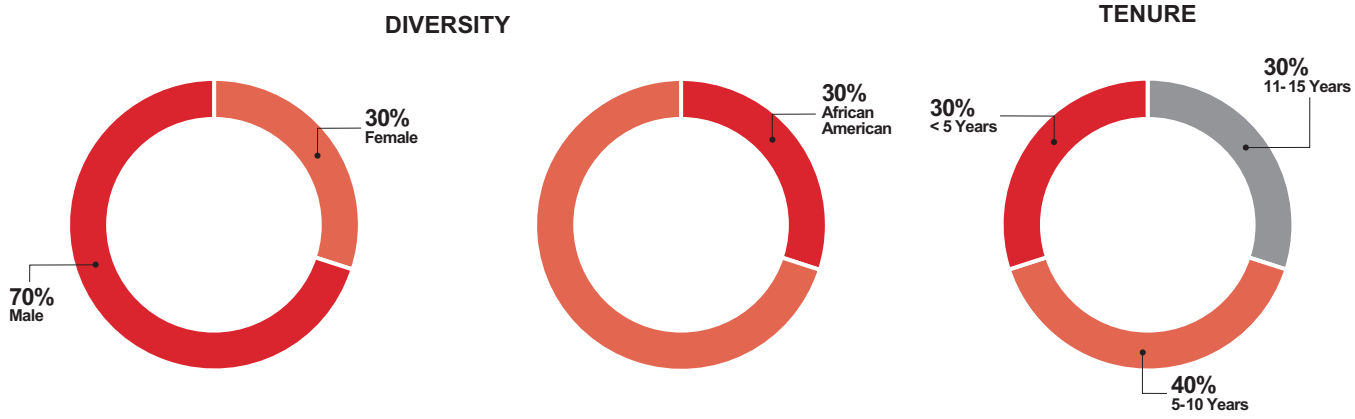
Name/Age*	Independent	Director Since	Occupation/Career Highlights	Committee Membership
Leroy T. Barnes, Jr., 65	Yes	2005	Retired, Vice President and Treasurer, PG&E Corp.	Audit Retirement Plan (Chair)
Peter C.B. Bynoe, 66	Yes	2007	Managing Director, Equity Group Investments	Compensation Nom. and Corp. Gov. (Chair)
Diana S. Ferguson, 53	Yes	2014	Principal, Scarlett Investments, LLC	Audit Nom. and Corp. Gov.
Edward Fraioli, 70	Yes	2010	Retired, Partner, Ernst & Young	Audit (Chair) Retirement Plan
Daniel J. McCarthy, 52	No	2014	President and CEO, Frontier Communications	
Pamela D.A. Reeve (Chairman), 67	Yes	2010	Retired, President and CEO, Lightbridge, Inc.	
Virginia P. Ruesterholz, 55	Yes	2013	Retired, Executive Vice President, Verizon Communications	Compensation (Chair) Retirement Plan
Howard L. Schrott, 62	Yes	2005	Principal, Schrott Consulting	Audit Nom. and Corp. Gov.
Mark Shapiro, 47	Yes	2010	Co-President, WME/IMG	Retirement Plan
Myron A. Wick, III, 73	Yes	2005	Retired, Director General, Hola Television Group	Compensation Nom. and Corp. Gov.

* Age is as of the date of the Annual Meeting.
Ms. Larraine Segil, who served on the Frontier Board since 2005, is not standing for re-election at our Annual Meeting.

All of our directors attended over 75% of the meetings of the Board and committees on which they served in 2016.

Board Characteristics

We believe that diversity in its many forms, and the breadth of perspective that it brings, enhances the effectiveness of the Board.



Corporate Governance Highlights

The Board is committed to exercising good corporate governance practices. This includes:

- ✓ All of our directors (other than our CEO) are independent
- ✓ An independent Chairman of the Board with extensive duties
- ✓ Each standing committee is composed exclusively of independent directors
- ✓ Annual elections of all directors (not a staggered Board)
- ✓ Frequent executive sessions of independent directors
- ✓ Majority voting for our director elections
- ✓ Stock ownership guidelines for executive officers and non-management directors
- ✓ Annual Board and committee self-evaluations
- ✓ A robust clawback policy

2016 Review

2016 was a year that was both transformational and challenging for Frontier.

On April 1, 2016, we completed the acquisition of Verizon's wireline properties in California, Texas and Florida for a purchase price of $10.54 billion in cash and assumed debt, which allows us to provide services to residential, commercial and wholesale customers in those areas (the California, Texas and Florida Acquisition). In the past three years, and culminating with the close of the California, Texas and Florida Acquisition, we have more than doubled in size and scale, improved the quality of our assets, substantially diversified our revenue streams and geographic footprint, and expanded the sophistication and attractiveness of our product offerings.

In addition, we implemented a new customer-focused organizational structure in December 2016, which is designed to improve the customer experience, streamline processes and reduce costs. As part of this new organizational structure, we realigned into two groups: consumer sales and commercial sales. This allows us to better serve the different needs of consumer and business customers. Non-customer facing functions such as finance, human resources, marketing, engineering, information technology and communications that had been regionalized were integrated and centralized to support both segments. This eliminated organizational layers, duplicative roles and costs.

During 2016, we paid $493 million in common stock dividends and $214 million in preferred stock dividends, while continuing to invest in the expansion and upgrade of our network and product offerings.

In November 2016, R. Perley McBride became our Executive Vice President and Chief Financial Officer. Mr. McBride has more than 20 years of experience in financial roles in the communications industry, including more than a decade at Frontier earlier in his career.

However, Frontier also faced challenges that negatively impacted revenue and profitability in 2016. As a result, our stock price declined significantly. Despite these challenges, our Board of Directors believes in the future of Frontier as a provider of quality communications services and has utmost confidence in Frontier's management and its ability to rebuild stockholder value.

Reverse Stock Split and Authorized Share Count Reduction

The Board of Directors has adopted a resolution approving an amendment to our Restated Certificate of Incorporation and is recommending that our stockholders adopt such amendment to (i) effect a reverse stock split of the issued shares of Frontier common stock at a reverse stock split ratio of not less than 1-for-10 and not more than 1-for-25 (the exact reverse stock split ratio to be determined by the Board of Directors), and (ii) reduce the total number of shares of Frontier common stock that Frontier is authorized to issue from 1,750,000,000 to 175,000,000.

The main reasons for proposing the reverse stock split are to increase the trading price for Frontier common stock and to attract a broader investor base. For additional information about this proposal, see page 67.

Executive Compensation

Our Compensation Committee sets executive compensation each year based upon the following philosophy:

Establish clear alignment between the interests of our executives and those of our stockholders by rewarding performance measured by key financial metrics, strategic objectives and relative total stockholder return, and through the use of equity awards, rather than cash, as a significant component of annual compensation.

Reinforce our performance culture for our Named Executive Officers (NEOs) by making a majority of their compensation at risk, i.e., contingent upon achievement of specified company and individual performance goals.

Hire and retain talented executives by having a compensation program that is competitive in relation to comparable companies based on size, overall complexity and the nature of our business.

Ensure company goals are fully aligned throughout the organization. Each year, we establish company-wide goals to achieve Frontier's business plan for the year. Our NEOs are compensated to the extent they are successful in leading Frontier to achieve these goals for each year.

In light of the challenges we faced in 2016 and the resulting decline in the price of our common stock, Frontier paid no annual cash bonuses for 2016 performance. As in past years, the Compensation Committee elected to grant executives restricted stock awards and performance share awards (but not as replacement for the annual cash bonus), which tie the interests of our executives and our stockholders because the value of these awards will depend on Frontier's common stock price when the vested and earned shares are sold by such executives.

93.7% of the votes cast on our 2016 Say-On-Pay proposal were in favor of our executive compensation program.

For additional information about our executive compensation practices, see our "Compensation Discussion and Analysis" on page 26.

Frontier believes that our compensation program is a sound reflection of our compensation philosophy and, as such, our Board recommends that stockholders vote FOR our 2017 Say-On-Pay proposal.

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING

Why did I receive these proxy materials?

This Proxy Statement is being furnished to you in connection with the Board's solicitation of proxies to be voted at our 2017 Annual Meeting of Stockholders, which is being held on May 10, 2017, at 10:00 a.m., Eastern Time, via the internet at www.virtualshareholdermeeting.com/FTR2017, and at any adjournments thereof (the Annual Meeting).

What is included in our proxy materials?

Our proxy materials, which are available on the Investor Relations page of our website, *www.frontier.com*, include:

- Our Notice of Annual Meeting of Stockholders;
- Our Proxy Statement; and
- Our 2016 Annual Report to Stockholders

If you received printed versions of these materials by mail (rather than through electronic delivery), these materials also included a proxy card or voting instruction form.

The information on our website is not incorporated herein by reference.

How is Frontier distributing proxy materials?

Under rules adopted by the Securities and Exchange Commission (the SEC), we have elected to furnish the proxy materials to many of our stockholders via the Internet. On or about March 28, 2017, we began mailing to holders of our common stock (other than those who previously requested electronic or paper delivery) a Notice of Internet Availability of Proxy Materials. If you received the Notice, you will not receive a printed copy of the proxy materials in the mail. Instead, the Notice instructs you on how to access and review all of the important information contained in the proxy materials. The Notice also instructs you on how you may submit your proxy via the Internet. Stockholders who do not receive the Notice will continue to receive either a paper or electronic copy of our Proxy Statement and 2016 Annual Report, which will be sent on or about March 29, 2017.

If you received a Notice by mail and would like to receive a copy of our proxy materials, follow the instructions (contained in the Notice) regarding how you may request to receive your materials electronically or in printed form on a one-time or ongoing basis. We encourage you to receive all future proxy materials electronically to help us save printing costs and postage fees, as well as natural resources in producing and distributing these materials. If you wish to receive these materials electronically next year, please follow the instructions on the proxy card or on the Investor Relations page of our website, *www.frontier.com*.

Requests for printed copies of the proxy materials can be made via the Internet at *www.proxyvote.com*, by telephone at 1-800-579-1639 (or, for callers without touch-tone phones, 1-866-232-3037) or by email at sendmaterial@proxyvote.com by sending a blank email with your control number (the 12 digit identifying number in the box on the Notice) in the subject line.

What matters will be voted on at the Annual Meeting?

The following matters are scheduled for vote by stockholders at the Annual Meeting:

1	Elect the 10 nominees named in this Proxy Statement to serve as directors
2	Approve, on an advisory basis, Frontier's executive compensation
3	Approve, on an advisory basis, the frequency of Frontier's executive compensation proposal
4	Approve Frontier's 2017 Equity Incentive Plan
5	Approve the Amendment to Frontier's Restated Certificate of Incorporation to effect the reverse stock split and a reduction of the authorized number of shares of common stock
6	Ratify the selection of KPMG LLP as Frontier's independent registered public accounting firm for 2017
7	Transact any other business that may properly be brought at the Annual Meeting or any adjournment or postponement thereof

Who can vote at our Annual Meeting?

You can vote your shares of common stock at our Annual Meeting if you were a stockholder at the close of business on March 13, 2017, the record date for our Annual Meeting. As of March 13, 2017, there were 1,177,978,011 shares of common stock outstanding, with each share entitled to one vote.

How can I participate in the Annual Meeting?

Stockholders may participate in the Annual Meeting virtually via the internet at www.virtualshareholdermeeting.com/FTR2017. In order to vote or submit a question during the meeting, you will need to follow the instructions posted at www.virtualshareholdermeeting.com/FTR2017 and will need the control number provided on your Notice, proxy card or voting instructions. Broadridge Financial Solutions is hosting our virtual annual meeting and, on the date of the Annual Meeting, will be available via telephone at 1-855-449-0991 to answer your questions regarding how to participate in the Annual Meeting virtually via the internet.

What is the quorum requirement for our Annual Meeting?

Holders of a majority of the outstanding shares of common stock entitled to vote must be present or represented by proxy in order for action to be taken at the Annual Meeting. Abstentions and broker non-votes are treated as present for quorum purposes.

How do I vote my shares?

	If you are a stockholder of record	If you hold your shares in street name
By Internet*	www.proxyvote.com	www.proxyvote.com
By Telephone*	1-800-690-6903	If your shares are held of record in the name of a bank, broker or other nominee, follow the voting instructions on the form you receive from your record holder. The availability of Internet and telephone voting will depend on their voting procedures.
By Mail	Return a properly executed and dated proxy card in the pre-paid envelope we have provided.	
During the Annual Meeting	To vote virtually via the internet at the meeting, please follow the instructions posted at www.virtualshareholdermeeting.com/FTR2017. All proxy cards and ballots must be received by the independent inspector before the polls close at the meeting.	To vote virtually via the internet at the meeting, please follow the instructions posted at www.virtualshareholdermeeting.com/FTR2017. All proxy cards and ballots must be received by the independent inspector before the polls close at the meeting.

*Internet and telephone voting procedures are designed to authenticate stockholder identities, to allow stockholders to give voting instructions and to confirm that stockholders' instructions have been recorded properly. A control number, located on the Notice and proxy card, will identify stockholders and allow them to vote their shares and confirm that their voting instructions have been properly recorded. Stockholders voting via the Internet or telephone should understand that there may be costs associated with voting via the Internet or telephone, such as usage charges from Internet access providers and telephone companies, which must be borne by the stockholder.

If a stockholder neither returns a signed proxy card, votes via the Internet or by telephone, nor participates in the Annual Meeting and votes via the internet, his or her shares will not be voted.

Can I change my mind after I have voted?

You can revoke your proxy at any time before the Annual Meeting by giving written notice of revocation to our Secretary, at our address stated on the cover page of this Proxy Statement, by executing and delivering a later-dated proxy, either in writing, by telephone or via the Internet, or by participating in the Annual Meeting and voting virtually via the internet at www.virtualshareholdermeeting.com/FTR2017. Participation in the Annual Meeting will not alone constitute revocation of a proxy.

Do I hold my shares as a registered stockholder or in street name?

If your shares of common stock are owned directly in your name, as shown in the records of our transfer agent, Computershare Investor Services, you are considered a registered holder of those shares.

If your shares of common stock are held by a broker, bank or other nominee, you hold those shares in street name. Your broker, bank or other nominee will vote your shares as you direct.

If I hold my shares in street name, does my broker need instructions in order to vote my shares?

If you hold shares of common stock in street name and you do not submit specific voting instructions to your broker, bank or other nominee, how your shares may be voted will depend on the type of proposal. Brokers, banks and other nominees generally will have discretion to vote your shares on routine matters, but will not have discretion to vote your

shares on non-routine matters. When the broker, bank or other nominee is unable to vote on a proposal because the proposal is not routine and you do not provide voting instructions, a "broker non-vote" occurs and, as a result, your shares will not be voted on these proposals.

- The ratification of the appointment of KPMG LLP as our independent registered public accountant for 2017 (Proposal No. 6) and the approval of the amendment to the Restated Certificate of Incorporation to effect a reverse stock split and reduction of the authorized number of shares of common stock (Proposal No. 5) are considered routine under applicable rules. Your broker, bank or other nominee may vote in their discretion without instruction from you.
- All other matters to be voted on at the Annual Meeting are considered non-routine under applicable rules. Your broker, bank or other nominee will not be able to vote without instruction from you.

If I hold my shares as a registered stockholder but do not give specific voting instructions, how will my shares be voted?

If you sign, date and return a proxy card but do not give specific voting instructions, then the proxy holders will vote your shares in the manner recommended by our Board on all matters presented in this Proxy Statement, and the proxy holders may determine in their discretion how to vote your shares on any other matters properly presented for a vote at our Annual Meeting. Although our Board does not anticipate that any of the director nominees will be unable to stand for election as a director nominee at our Annual Meeting, if this occurs, proxies will be voted in favor of such other person or persons as may be nominated by our Board.

What vote is required for adoption or approval of each matter to be voted on, and how does the Board recommend that I vote?

Proposal	Vote Required	Board Recommendation
Election of Directors	Majority of the shares present in person or represented by proxy (for each director nominee)	FOR all nominees Unless a contrary choice is specified, proxies received by our Board will be voted FOR the election of our director nominees
Advisory Vote to Approve Executive Compensation (Say-on-Pay)	Majority of the shares present in person or represented by proxy	FOR Unless a contrary choice is specified, proxies received by our Board will be voted FOR the proposal
Advisory Vote on Frequency of Frontier's Executive Compensation Proposal (Say-on-Frequency)	Majority of the shares present in person or represented by proxy	1 YEAR Unless a contrary choice is specified, proxies received by our Board will be voted 1 YEAR the proposal
Approval of Frontier's 2017 Equity Incentive Plan	Majority of the votes cast	FOR Unless a contrary choice is specified, proxies received by our Board will be voted FOR the proposal
Approval of Amendment to Certificate of Incorporation to Effect Reverse Stock Split and Reduction of Authorized Number of Shares of Common Stock	Majority of the outstanding shares	FOR Unless a contrary choice is specified, proxies received by our Board will be voted FOR the proposal
Ratification of the appointment of KPMG LLP as our independent registered public accounting firm for 2017	Majority of the shares present in person or represented by proxy	FOR Unless a contrary choice is specified, proxies received by our Board will be voted FOR the ratification of the appointment

We have adopted a policy under which, in non-contested elections, if a director fails to win a majority of votes, the director must immediately tender his or her resignation from the Board, and the Board then decides at its next regularly scheduled meeting, through a process managed by the Nominating and Corporate Governance Committee and excluding the nominee in question, whether to accept the resignation.

What are my choices for casting my vote on each matter to be voted on?

Proposal	Voting Options	Effect of Abstentions	Broker Discretionary Voting Allowed?	Effect of Broker Non-Votes
Election of Directors	FOR, AGAINST OR ABSTAIN (for each director nominee)	Treated as a vote AGAINST the nominee	No	No effect
Advisory Vote to Approve Executive Compensation (Say-on-Pay)	FOR, AGAINST OR ABSTAIN	Treated as a vote AGAINST the proposal	No	No effect
Advisory Vote on Frequency of Frontier's Executive Compensation Proposal (Say-on-Frequency)	1 YEAR, 2 YEARS, 3 YEARS OR ABSTAIN	Treated as a vote AGAINST the proposal	No	No effect
Approval of Frontier's 2017 Equity Incentive Plan	FOR, AGAINST OR ABSTAIN	No effect	No	No effect
Approval of Amendment to Restated Certificate of Incorporation to Effect Reverse Stock Split and Reduction of Authorized Number of Shares of Common Stock	FOR, AGAINST OR ABSTAIN	Treated as a vote AGAINST the proposal	Yes	Not applicable
Ratification of the appointment of KPMG LLP as our independent registered public accounting firm for 2017	FOR, AGAINST OR ABSTAIN	Treated as a vote AGAINST the proposal	Yes	Not applicable

What is "Householding"?

We have adopted a procedure approved by the SEC called "householding." Under this procedure, stockholders of record who have the same address and last name will receive only one copy of our Proxy Statement and Annual Report unless one or more of these stockholders notifies us that they wish to continue receiving individual copies. This procedure will reduce our printing costs and postage fees. Stockholders who participate in householding will continue to receive separate proxy cards. Householding will not in any way affect dividend check mailings.

If your household received a single set of proxy materials, but you would prefer to receive a separate copy of this Proxy Statement and Annual Report, please contact our transfer agent, Computershare Investor Services (in writing: P.O. Box 43078, Providence, RI 02940-3078; by telephone: in the U.S., Puerto Rico and Canada, 1-877-770-0496; outside the U.S., Puerto Rico and Canada, 1-781-575-2382).

Stockholders who hold their shares in street name can request information about householding from their banks, brokers or other nominees.

Who bears the cost of soliciting votes for the Annual Meeting?

We will bear the costs of solicitation of proxies for the Annual Meeting. In addition to solicitation by mail, directors, officers and our regular employees may solicit proxies from stockholders by telephone, personal interview or otherwise. These directors, officers and employees will not receive additional compensation, but may be reimbursed for out-of-pocket expenses in connection with this solicitation. In addition to solicitation by our directors, officers and employees, we have engaged The Proxy Advisory Group, LLC to assist in the solicitation of proxies and provide related advice and informational support, for a base fee of $28,000, plus customary disbursements. Banks, brokers, other nominees, fiduciaries and other custodians have been requested, with respect to shares of record held by them, to forward soliciting material to the beneficial owners of common stock, and these custodians will be reimbursed for their reasonable expenses.

How do I contact the Transfer Agent?

Our transfer agent is Computershare Investor Services. You should contact the transfer agent, at the phone number or addresses listed below, if you have questions concerning stock certificates, dividend checks, transfer of ownership or other matters pertaining to your stock account.

If by First Class Mail:
Computershare Investor Services
P.O. Box 43078
Providence, RI 02940-3078

If by Overnight Courier:

Computershare Investor Services
250 Royall Street
Canton, MA 02021-1011

website: *www.computershare.com/investor*

Telephone: (877) 770-0496 (in the U.S., Puerto Rico and Canada)
or (781) 575-2382 (outside the U.S., Puerto Rico and Canada)

OWNERSHIP OF COMMON STOCK

Set forth below is certain information as of March 1, 2017[(a)(b)] with respect to the beneficial ownership of our common stock (as determined under the rules of the SEC) by (1) each person who, to our knowledge, is the beneficial owner of more than 5% of our outstanding shares of common stock, which is our only class of voting securities, (2) each director and nominee for director, (3) each of the executive officers named in the Summary Compensation Table under "Executive Compensation" and (4) all of our directors and executive officers as a group. Except as otherwise stated, the business address of each person listed is c/o Frontier Communications Corporation, 401 Merritt 7, Norwalk, Connecticut 06851. Except as otherwise described below, each of the persons named in the table has sole voting and investment power with respect to the common stock beneficially owned and has not pledged such common stock as security for any obligations.

Name and Address of Beneficial Owner	Number of Shares and Nature of Beneficial Ownership	Percent of Class
The Vanguard Group[(a)]	119,330,581	10.17%
BlackRock, Inc.[(b)]	114,642,867	9.5%
Kathleen Q. Abernathy	811,633[(c)]	*
Leroy T. Barnes, Jr.	221,022[(d)]	*
Peter C.B. Bynoe	223,009[(e)]	*
Diana S. Ferguson	63,846[(f)]	*
Edward Fraioli	212,240[(g)]	*
Steve Gable	422,645[(h)]	
John M. Jureller	—[(i)]	*
John J. Lass	620,310[(j)]	
R. Perley McBride	474,164[(k)]	
Daniel J. McCarthy	2,986,686[(l)]	*
Cecilia K. McKenney	1,377,847[(m)]	*
Pamela D.A. Reeve	171,003[(n)]	*
Virginia P. Ruesterholz	135,060[(o)]	*
Howard L. Schrott	264,123[(p)]	*
Larraine D. Segil	284,833[(q)]	*
Mark Shapiro	271,203[(r)]	*
Myron A. Wick, III	347,752[(s)]	*
All directors and executive officers as a group (21 persons)	10,398,725[(t)]	*

* Less than 1%.

(a) Information is as of January 31, 2017 and based on a Schedule 13G filed on February 10, 2017 by The Vanguard Group, Inc. The business address of this beneficial owner is 100 Vanguard Blvd., Malvern, PA 19355. Such Schedule 13G discloses that of the shares beneficially held by Vanguard, 2,323,838 shares are beneficially held by wholly-owned subsidiaries, and that Vanguard has the sole power to vote and has shared dispositive power of such shares.

(b) Information is as of December 31, 2016 and based on a Schedule 13G filed on January 24, 2017 by BlackRock, Inc. The business address of this beneficial owner is 55 East 52nd Street, New York, NY 10055. Such Schedule 13G discloses that the shares beneficially owned by BlackRock, Inc. are held by subsidiaries of BlackRock, Inc.

(c) Includes 155,448 restricted shares over which Ms. Abernathy has sole voting power but no dispositive power.

(d) Consists of 212,642 shares that may be acquired upon the redemption of stock units and 8,380 shares held by family trust. Directors may elect to redeem stock units upon termination of service in the form of cash or shares of our common stock. See "Director Compensation," below.

(e) Includes 10,000 shares that may be acquired upon the exercise of currently exercisable stock options and 209,159 shares that may be acquired upon the redemption of stock units.

(f) Consists of 63,846 shares that may be acquired upon the redemption of stock units.

(g) Includes 10,000 shares that may be acquired upon the exercise of currently exercisable stock options and 182,240 shares that may be acquired upon the redemption of stock units.

(h) Includes 300,867 restricted shares over which Mr. Gable has sole voting power but no dispositive power.

(i) As previously disclosed, Mr. Jureller left Frontier on November 4, 2016. We are unaware of his current holdings.

(j) Includes 327,495 restricted shares over which Mr. Lass has sole voting power but no dispositive power and 268 shares held in a 401(k) plan.

(k) Consists of restricted shares over which Mr. McBride has sole voting power but no dispositive power.

(l) Includes 1,735,702 restricted shares over which Mr. McCarthy has sole voting power but no dispositive power and 18,889 shares held in a 401(k) plan.

(m) Includes 573,478 restricted shares over which Ms. McKenney has sole voting power but no dispositive power.

(n) Includes 161,003 shares that may be acquired upon the redemption of stock units.

(o) Consists of 135,060 shares that may be acquired upon the redemption of stock units.

(p) Includes 259,123 shares that may be acquired upon the redemption of stock units.

(q) Consists of 273,433 shares that may be acquired upon the redemption of stock units, 7,400 shares held in a family trust and 4,000 shares held in a retirement account by her spouse. As previously disclosed, Ms. Segil will not stand for re-election at the Annual Meeting.

(r) Includes 10,000 shares that may be acquired upon the exercise of currently exercisable stock options and 161,003 shares that may be acquired upon the redemption of stock units.

(s) Consists of 307,752 shares that may be acquired upon the redemption of stock units and 40,000 shares held by family trusts.

(t) Includes 4,687,130 restricted shares over which executive officers have sole voting power but no dispositive power and 30,000 shares that may be acquired pursuant to the exercise of currently exercisable stock options by independent directors.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our directors and officers, and persons who beneficially own more than 10% of our common stock, to file reports of ownership and changes in ownership with the SEC. Such directors, officers and greater than 10% stockholders are also required to furnish us with copies of all such filed reports.

Based solely upon a review of the copies of such reports furnished to us, or representations that no reports were required, we believe that during the year ended December 31, 2016, all persons subject to the reporting requirements of Section 16(a) filed the required reports on a timely basis.

PROPOSAL 1: ELECTION OF DIRECTORS

Election Process

Each director is elected at the annual stockholder meeting to hold office until the next annual stockholder meeting or until his or her successor has been elected and qualified. Directors are elected by a majority of the votes of the holders of shares of common stock present in person or represented by proxy at the meeting and entitled to vote at the meeting.

If any of the Board's nominees becomes unavailable prior to the Annual Meeting to serve as a director, the Board may select a replacement nominee or reduce the number of directors to be elected. The proxy holders will vote the shares for which they serve as proxy for any replacement candidate nominated by the Board.

Nominations

Our Nominating and Corporate Governance Committee evaluates and recommends to the Board candidates for nomination to the Board in accordance with our Corporate Governance Guidelines and membership guidelines adopted by our Board described under "Director Qualifications," below.

Stockholders may propose director candidates for consideration by the Nominating and Corporate Governance Committee. Any such recommendation should include the nominee's name and qualifications for membership on the Board and should be directed to our Secretary at the address of our principal executive offices. To nominate an individual for election at an annual stockholder meeting, the stockholder must give timely notice to our Secretary in accordance with our bylaws, which, in general, require that notice be received by our Secretary not less than 90 days nor more than 120 days before the anniversary date of the immediately prior annual stockholders meeting, unless the annual meeting is moved by more than 30 days before or after the anniversary of the prior year's annual meeting, in which case the notice must be received not less than a reasonable time, as determined by our Board, prior to the printing and mailing of proxy materials for the applicable annual meeting. The notice should include a description of the qualifications of the suggested nominee and any information that is required by the regulations of the SEC concerning the suggested nominee and his or her direct or indirect securities holdings or other interests in Frontier. See "Proposals by Stockholders" for the deadline for nominating persons for election as directors for the 2018 annual meeting of stockholders.

Decisions regarding the renomination of directors are made by the Board, upon the recommendation of the Nominating and Corporate Governance Committee, which annually evaluates each director's performance and contribution to the Board. Under our Corporate Governance Guidelines, a non-employee director will not ordinarily be renominated if he or she has served on the Board for 15 years, but the Nominating and Corporate Governance Committee may recommend to the Board for renomination a director regardless of the length of his or her service if, in the judgment of the Nominating and Corporate Governance Committee, such renomination is in the best interests of Frontier and our stockholders.

Director Qualifications

Each candidate for nomination as a director, including each person recommended by stockholders, is evaluated in accordance with our Corporate Governance Guidelines and additional guidelines adopted by our Board. The additional guidelines set forth specific characteristics that each nominee must possess, set forth below.

- A reputation for integrity, honesty, fairness, responsibility, good judgment and high ethical standards.
- Broad experience at a senior, policy-making level in business, government, education, technology or public interest.
- The ability to provide insights and practical wisdom based on the nominee's experience and expertise.
- An understanding of a basic financial statement.
- Comprehension of the role of a public company director, particularly the fiduciary obligation owed to Frontier and our stockholders.
- Commitment to understanding Frontier and its industry and to spending the time necessary to function effectively as a director.
- An absence of a conflict of interest (or appearance of a conflict of interest) that will impair the nominee's ability to fulfill his or her responsibilities as a director.

Under the additional guidelines, the Nominating and Corporate Governance Committee also evaluates whether the background and qualifications of the directors, as a group, is diverse, and whether each individual nominee possesses a depth of experience, knowledge and ability that will enable him or her to assist the other directors in fulfilling the Board's responsibilities to Frontier and our stockholders. Each nominee must also be willing to commit that he or she will comply with our director stock ownership guidelines. For 2016, the Nominating and Corporate Governance Committee utilized a third party facilitator to assist with the evaluation process.

In addition, a nominee should be "independent," as defined by the SEC and the Nasdaq Listing Rules. To the extent permitted by applicable law and our bylaws, nominees who do not qualify as independent may be nominated when, in the opinion of the Nominating and Corporate Governance Committee, such action is in the best interests of Frontier and our stockholders.

Although we do not have a formal policy regarding Board diversity, when evaluating candidates for nomination as a director, the Nominating and Corporate Governance Committee does consider diversity in its many forms, including among others, experience, skills, ethnicity, race and gender. We believe a diverse Board, as so defined, provides for different points of view and robust debate and enhances the effectiveness of the Board. Currently, the Board includes one or more current and/or former CEOs, CFOs, investment bankers, experts in communications, marketing and strategy, auditors and individuals of different race, gender, ethnicity and background.

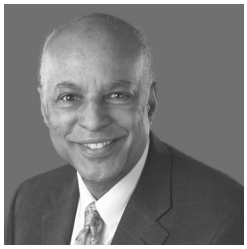
Director Nominees

At the Annual Meeting, 10 nominees are to be elected and each will hold office until the next annual stockholder meeting or until his or her successor has been elected and qualified. The Board, upon the recommendation of the Nominating and Corporate Governance Committee, has nominated the 10 individuals listed below, each of whom is currently serving as a director. Each nominee has agreed to be named in this Proxy Statement and to serve if elected.

Ms. Larraine Segil will not seek re-election at the Annual Meeting. Ms. Segil has served on the Board since 2005, and Frontier extends its gratitude to Ms. Segil for her dedication and valuable service.

The Board unanimously recommends that you vote FOR the election of the following director nominees:

Leroy T. Barnes, Jr.



Age: 65
Independent Director
Director Since:
May 2005
Board Committees:
Audit
Retirement Plan (Chair)

Background

Prior to his retirement, Mr. Barnes was Vice President and Treasurer of PG&E Corp., a holding company for energy-based businesses (2001 to 2005) and Vice President and Treasurer of Gap Inc., a clothing retailer (1997 to 2001). Before joining Gap, he held various executive positions with Pacific Telesis Group/SBC Communications, a Regional Bell Operating Company.

Qualifications

Mr. Barnes' experience as an executive at PG&E, Gap and Pacific Telesis, as well as his service on the boards of other public companies, allows him to contribute valuable insight in the areas of corporate finance and risk management.

Other Directorships

The McClatchy Company; Principal Funds, Inc. (three investment company directorships)

Past Directorships

Herbalife Ltd. (December 2004 to February 2015)

Peter C.B. Bynoe

Age: 66
Independent Director
Director Since:
October 2007
Board Committees:
Compensation
Nominating and Corporate Governance (Chair)

Background

Mr. Bynoe is a Managing Director of Equity Group Investments, a private investment fund. Prior to joining Equity Group Investments in October 2014, Mr. Bynoe served as Chief Executive Officer of Rewards Network, Inc., a merchant cash advance and marketing services company (September 2013 to October 2014), and in multiple capacities, including as a partner, with Loop Capital Markets LLP, an investment bank (February 2009 to September 2013). In addition, Mr. Bynoe was associated with the international law firm DLA Piper US LLP from March 1995 to December 2016. He is also Chairman of Telemat Ltd., a business consulting firm he founded in 1982.

Qualifications

Mr. Bynoe provides the Board with extensive business, legal and public policy expertise. Mr. Bynoe has experience serving on the boards of other public companies, including as a nominating and governance committee member and chair, and as a compensation committee member and chair.

Other Directorships

Covanta Holding Corporation; Real Industry, Inc.

Diana S. Ferguson

Age: 53
Independent Director
Director Since:
October 2014
Board Committees:
Audit
Nominating and Corporate Governance

Background

Ms. Ferguson has been Principal of Scarlett Investments, LLC, a firm that invests in and advises middle market businesses, since August 2013. Ms. Ferguson served as Chief Financial Officer of the Chicago Board of Education (February 2010 to May 2011) and as Senior Vice President and Chief Financial Officer of The Folgers Coffee Company, a maker of coffee products (April 2008 to November 2008), until Folgers was sold in 2008. Prior to joining Folgers, Ms. Ferguson was Executive Vice President and Chief Financial Officer of Merisant Worldwide, Inc., a maker of table-top sweeteners and sweetened food products (April 2007 to March 2008). Ms. Ferguson also served as Chief Financial Officer of Sara Lee Foodservice, a division of Sara Lee Corporation (June 2006 to March 2007), and in a number of leadership positions at Sara Lee Corporation including Senior Vice President of Strategy and Corporate Development and Treasurer.

Qualifications

Ms. Ferguson's broad experience and executive leadership allow her to provide the Board with valuable perspectives on financial, corporate and strategic matters.

Past Directorships

TreeHouse Foods, Inc. (2008 – 2016)

Edward Fraioli

Age: 70
Independent Director
Director Since:
July 2010
Board Committees:
Audit (Chair)
Retirement Plan

Background

Mr. Fraioli currently acts as a business consultant, which he has done since his retirement in July 2010. Prior to his retirement, Mr. Fraioli was a partner at Ernst & Young, a public accounting firm, since 1983. During his tenure at Ernst & Young, he served as Professional Practice Director for Ernst & Young's Private Equity practice (2008 to July 2010), Global Vice Chairman for Independence Matters within Global Quality and Risk Management (2005 to 2008) and as lead audit partner on a number of public and global companies.

Qualifications

Mr. Fraioli's over 35 years of accounting and business experience at Ernst & Young provide the Board with substantial expertise in the areas of public accounting, risk management and corporate finance.

Daniel J. McCarthy

Age: 52
Director Since:
May 2014

Background

Mr. McCarthy is the President and Chief Executive Officer of Frontier Communications Corporation and has been with Frontier since December 1990. Prior to becoming President and Chief Executive Officer in April 2015, Mr. McCarthy held other positions of responsibility at Frontier, including President and Chief Operating Officer (April 2012 to April 2015), Executive Vice President and Chief Operating Officer (January 2006 to April 2012) and Senior Vice President, Field Operations (December 2004 to December 2005). Mr. McCarthy also serves on the Board of Directors of the Western Connecticut Health Network, and is a Trustee of Sacred Heart University in Fairfield, Connecticut, and of Foundations in Education.

Qualifications

Mr. McCarthy has been with Frontier for over 25 years in positions of increasing responsibility and as such he is able to provide the Board with critical insight into our business, operations, history, industry and strategic opportunities.

Other Directorships

Constellation Brands, Inc.

Pamela D.A. Reeve (Chairman)

Age: 67
Independent Director
Director Since:
July 2010

Background

From November 1989 to August 2004, Ms. Reeve held various executive positions, including President and Chief Executive Officer, and was a director at Lightbridge, Inc., a global provider of mobile business software and technology solutions. Prior to joining Lightbridge, Ms. Reeve spent 11 years as a consultant and in a series of executive positions at the Boston Consulting Group, Inc.

Qualifications

Ms. Reeve provides the Board with leadership, operational and financial expertise, particularly in the communications and technologies industries. In addition, her experience on the boards of other public companies provides the Board with important perspectives on corporate governance and risk management.

Other Directorships

American Tower Corporation; Sonus Networks, Inc.

Past Directorships

LiveWire Mobile, Inc. (1997 to November 2009)

Virginia P. Ruesterholz

Age: 55
Independent Director
Director Since:
August 2013
Board Committee:
Compensation (Chair)
Retirement Plan

Background

During her 28 year career with Verizon Communications, a broadband and telecommunications company, and its predecessors, Ms. Ruesterholz held various executive positions, including Executive Vice President of Verizon Communications (January to July 2012) and President of Verizon Services Operations (2009 to 2011). Earlier she served as President of Verizon Telecom, President of Verizon Partner Solutions and President of Verizon Wholesale Markets. She also serves as Chairman of the Board of Trustees of Stevens Institute of Technology.

Qualifications

Through her substantial experience as a senior executive at Verizon, Ms. Ruesterholz provides the Board with valuable knowledge of the telecommunications industry, large scale operations, risk management and information technology.

Other Directorships

The Hartford Financial Services Group, Inc.

Howard L. Schrott

Age: 62
Independent Director
Director Since:
July 2005
Board Committees:
Audit
Nominating and Corporate Governance

Background

Mr. Schrott is a Principal in Schrott Consulting, a management consulting firm servicing broadcasting, telecommunications and technology companies which he founded in February 2006. Prior to founding Schrott Consulting, he was Chief Financial Officer of the Liberty Corporation, a television broadcaster, from 2001 until Liberty's sale in February 2006. Mr. Schrott also serves as a Trustee of Butler University and a Governor of the Indianapolis Museum of Art.

Qualifications

Mr. Schrott provides the Board with an extensive understanding of the telecommunications industry. In addition, his experience in executive and director roles provides the Board with important knowledge of financial and operational matters.

Past Directorships

Media General, Inc. (November 2013 to December 2014); Time Warner Telecom Holdings Inc. (2004 to 2006)

Mark Shapiro

Age: 47
Independent Director
Director Since:
July 2010
Board Committee:
Retirement Plan

Background

Mr. Shapiro is the Co-President of WME/IMG, a global leader in sports, fashion, entertainment and media. Prior to joining WME/IMG in September 2014, he served as Chief Executive Officer and an Executive Producer of Dick Clark Productions, an independent producer of television programming (May 2010 to September 2014), and as a Director, President and Chief Executive Officer of Six Flags, Inc., a family-oriented entertainment company (December 2005 to May 2010). Prior to joining Six Flags, Mr. Shapiro spent 12 years at ESPN, Inc., where he served in various capacities, including Executive Vice President, Programming and Production.

Qualifications

Mr. Shapiro provides the Board with valuable knowledge of operations, strategy and consumer services. His experience as a senior-level executive at WME/IMG, Dick Clark Productions and Six Flags provides him with important perspectives on content creation, marketing and branding.

Other Directorships

Live Nation Entertainment, Inc.; Equity Residential; Papa John's International, Inc.

Myron A. Wick, III

Age: 73
Independent Director
Director Since:
March 2005
Board Committees:
Compensation
Nominating and Corporate Governance

Background

Mr. Wick is currently serving as a business consultant. Previously, he co-founded and was a managing director of McGettigan & Wick, Co., an investment banking firm (1988 to 2009), a principal of Proactive Partners, L.P., a merchant banking fund (1989 to 2010), and Director General of Hola Television Group, a private Spanish media company (September 2009 to January 2012). In addition, in 1989, Mr. Wick co-founded CTC Media (formerly StoryFirst Communications), which operates Russian television networks, and served as a director of CTC until 2006, when it was taken public.

Qualifications

Mr. Wick's investment banking and executive experience allows him to provide the Board with important perspectives on management, operations and strategic transactions.

DIRECTOR COMPENSATION

Frontier uses cash and stock-based compensation to attract and retain qualified non-employee members of our Board. Mr. McCarthy, the only employee director, receives no remuneration for service as a member of our Board.

Annual Retainer and Stipend – Paid in Cash or Stock Units

Each non-employee director is paid an annual $95,000 retainer. In addition, in 2016, the Lead Director and committee chairs were each paid a stipend ($25,000 for Lead Director, $25,000 for the Audit Committee, $20,000 for the Compensation Committee, $15,000 for the Retirement Plan Committee and $15,000 for the Nominating and Corporate Governance Committee).

Effective April 1, 2016, we eliminated the position of Lead Director and established the position of independent Chairman of the Board, who is paid an additional annual stipend of $175,000, 45% in cash and 55% in stock units.

Directors may elect, by December 31 of the prior year, whether to receive the retainer and stipend, if any, in stock units. Directors are also entitled to reimbursement for reasonable expenses they incur in connection with Board meetings they attend in person. The annual retainer (in cash or stock units) is payable in advance in equal quarterly installments on the first business day of each quarter. Stipends (in cash or stock units) are payable in arrears in equal quarterly installments on the last business day of each quarter.

Annual Fee – Paid in Stock Units

Non-employee directors receive additional compensation in the form of stock units. In 2016, each non-employee director received a $120,000 fee in the form of stock units. Stock units for fees are earned quarterly and credited to the director's account on the last business day of the quarter in which the fees are earned.

The number of stock units credited equals the amount of the retainer, stipend or fee (as appropriate) divided by the closing price of our common stock on the credit date of the stock units. We hold all stock units until a director's termination of service, at which time the units are redeemable, at the director's election, in either cash or in shares of our common stock.

The following table sets forth compensation information earned for 2016 by each non-employee director.

Name	Director Compensation Paid in Cash ($)	Stock Unit Awards ($ value)[1]	Total ($)
Leroy T. Barnes, Jr.	$110,000	$120,000	$230,000
Peter C.B. Bynoe	$110,000	$120,000	$230,000
Diana S. Ferguson	$ 95,000	$120,000	$215,000
Edward Fraioli	$ 95,000	$145,000	$240,000
Pamela D.A. Reeve	$160,313	$192,187	$352,500
Virginia P. Ruesterholz	$ 0	$235,000	$235,000
Howard L. Schrott	$ 95,000	$120,000	$215,000
Larraine D. Segil	$ 95,000	$120,000	$215,000
Mark Shapiro	$ 95,000	$120,000	$215,000
Myron A. Wick, III	$ 95,000	$120,000	$215,000

(1) The amounts shown in this column represent the grant date fair value in accordance with Financial Accounting Standards Board ASC Topic 718 of the stock units granted to directors in 2016. For a discussion of valuation assumptions, see Note 11 to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2016. Dividends are paid on stock units held by directors at the same rate and at the same time as we pay dividends on shares of our common stock. No above-market or preferential dividends were paid with respect to any stock units. Dividends on stock units are paid in the form of additional stock units.

At December 31, 2016, Mr. Bynoe, Mr. Fraioli and Mr. Shapiro each held 10,000 stock options. The stock options held by Mr. Bynoe, Mr. Fraioli and Mr. Shapiro were granted at an exercise price equal to the closing price of our common stock on the date each director was elected to the Board. These options became exercisable six months after the grant date and expire on the tenth anniversary of the grant date or, if earlier, on the first anniversary of a director's termination of service. Since October 1, 2010, directors are no longer eligible to receive stock option grants upon joining the Board.

CORPORATE GOVERNANCE

We maintain corporate governance policies and practices that reflect what the Board believes provide appropriate oversight, leadership and independence as well as those required by the Sarbanes-Oxley Act of 2002 and the rules of the SEC and the Nasdaq Stock Market (Nasdaq), on which our common stock is listed. A copy of our Corporate Governance Guidelines is available upon request to our Secretary, or may be viewed or downloaded from the Investor Relations page of our website, *www.frontier.com*.

Leadership Structure

On April 1, 2016, Pamela D.A. Reeve became our independent, non-executive Chairman of the Board of Directors. Ms. Reeve had previously held the position of Lead Director and has been an independent member of our Board since 2010. The Board has determined that it would be in the best interests of our stockholders at this time to separate the role of CEO and Chairman given the recent completion of our CEO succession plan. The Board will continue to evaluate our leadership structure based on the best interests of Frontier and our stockholders.

The Role of the Chairman:

- Call meetings of the Board and non-management directors (including those to be attended only by independent directors) when appropriate and preside at such meetings. Following each executive session, the Chairman will discuss with the CEO any issues arising in such executive session.
- Coordinate the flow of information to and among independent directors and, if any, other non-management directors.
- Collaborate with the CEO to set Board meeting agendas and review and approve Board meeting schedules to ensure that there is sufficient time for discussion of all agenda items. All Board members are encouraged to communicate to the Chairman any additional agenda items that they deem necessary or appropriate in carrying out their duties.
- Periodically solicit from other independent and non-management directors comments or suggestions related to Board operations, including the flow of information to directors, the setting of meeting agendas and the establishment of the schedule of Board meetings, and communicate those suggestions to the CEO. The Chairman shall also seek to ensure that there is: (a) an efficient and adequate flow of information to the independent and non-management directors; (b) adequate time for the independent and non-management directors to consider all matters presented to them for action; and (c) appropriate attention paid to all matters subject to oversight and actions by the independent and non-management directors.
- Attend all committee meetings, as appropriate. The Chairman shall work with each committee chair to ensure that each committee is effectively functioning and providing ongoing reports to the Board.
- Serve as the liaison between the independent and non-management directors, on the one hand, and the CEO, on the other, and as the representative of the independent and non-management directors in communications with the CEO and management outside of regular Board meetings.
- Serve as liaison and provide direction to advisers and consultants retained by the independent directors.

Our Board does not have a policy as to whether the roles of Chairman and CEO should be separate or combined. However, if the roles are combined, the Board will also have a Lead Director. Our Nominating and Corporate Governance Committee annually reviews our leadership structure to determine whether the existing structure is in the best interests of Frontier and its stockholders.

Chief Executive Officer Succession

The Board is actively engaged in managing executive talent and succession planning. The Nominating and Corporate Governance Committee reviews and considers succession development plans for the CEO and the development of executive talent. The Board also evaluates the adequacy and effectiveness of Frontier's succession plan for the CEO in connection with its annual assessment of the performance of the CEO.

Director Independence

The Board is required to affirmatively determine that a majority of the directors qualify as independent under Nasdaq listing standards. The Board undertakes an annual review of director independence by reviewing relationships between Frontier and each director as well as Frontier and the organizations with which each director is affiliated.

After considering the relevant facts, the Board has determined that no director, other than Mr. McCarthy, has a material relationship with Frontier (either directly or as a partner, stockholder or officer of an organization that has a relationship with Frontier) that would impair the director's ability to exercise independent judgment in carrying out his or her responsibilities as a director. Therefore, all of our directors, other than Mr. McCarthy, are independent under Nasdaq listing standards.

Mr. Shapiro, who serves on our Retirement Plan Committee, is the Co-President of WME/IMG. During 2016, Frontier engaged WME/IMG to assist in the negotiation and entry into certain sponsorship and content arrangements. The Nominating and Corporate Governance Committee and the Board reviewed this business relationship and determined that the value of the engagement is immaterial to WME/IMG given WME/IMG's gross revenues and that Mr. Shapiro's independence is not impaired.

The Board has determined that 9 of our 10 director nominees are independent

Risk Management and Board Oversight

The Board is responsible for oversight of Frontier's risk management process, and the full Board regularly discusses exposure to various potentially material risks. In accordance with our Corporate Governance Guidelines, the Audit Committee also reviews risk exposures and the guidelines and policies governing management's assessment and management of exposure to risk, including the enterprise risk management (ERM) process.

Management is responsible for Frontier's risk management activities, including the annual ERM process, which is jointly administered by the Chief Financial Officer and the Senior Vice President, Internal Audit. As part of the ERM process, each member of senior management and his or her direct reports participate in an annual identification, assessment and evaluation of risks. The individual risks are aggregated across Frontier to help management determine our enterprise level risks. For each such risk, one or more mitigation strategies are developed and implemented to minimize or manage that risk. During the course of the year, periodic monitoring, self-assessment and reporting to the Audit Committee are performed by senior management to:

- Update the trending of each risk, compared to the latest annual ERM review;
- Identify/consider new and emerging risks;
- Assess the implementation status/effectiveness of each mitigation strategy; and
- Identify changes to mitigation strategies, if necessary.

Attendance at Meetings

In 2016, the Board held 8 meetings and committees of the Board held a total of 24 meetings. Average attendance at these meetings exceeded 98% and each director attended at least 90% of the aggregate number of meetings of the Board and those committees on which he or she served during 2016. In accordance with our policy, all members of the Board attended last year's annual meeting of stockholders.

Committees of the Board

The Board has four standing committees: Audit, Compensation, Nominating and Corporate Governance, and Retirement Plan. Each committee is composed solely of independent directors and operates under a written charter adopted by the Board (available on the Investor Relations page of our website, *www.frontier.com*).

Audit Committee	**Number of Meetings in 2016: 7**
Chair: Edward Fraioli **Other Committee Members:** Leroy T. Barnes, Jr. Diana S. Ferguson Howard L. Schrott	**Primary Responsibilities:** • Responsible for the selection, compensation and oversight of our independent auditors • Assists the Board in its oversight of our financial statements, compliance with legal and regulatory requirements, the independence, performance and qualifications of our independent auditors, the qualifications of our internal auditors and internal audit function performance • Pre-approves all audit and permissible non-audit services, if any, provided by our independent auditors • Prepares the Audit Committee Report • Oversees risk assessment and risk management
Each Audit Committee member is independent *Each meets the standard of an "audit committee financial expert" under SEC rules* *Each meets the financial literacy requirements of the Nasdaq Listing Rules*	

Mr. Barnes is on the audit committee of The McClatchy Company and each of the Principal Funds, Inc. investment companies of which he is a board member. We do not formally limit the number of audit committees on which our Audit Committee members may serve, but instead review on a case-by-case basis. After careful consideration, our Board determined that Mr. Barnes' service on the other audit committees would not impair his ability to effectively serve on our Audit Committee.

Compensation Committee	**Number of Meetings in 2016: 9**
Chair: Virginia P. Ruesterholz **Other Committee Members:** Peter C.B. Bynoe Larraine D. Segil* Myron A. Wick, III	**Primary Responsibilities:** • Reviews our general compensation strategies and policy • Evaluates at least annually the performance of the CEO and other senior executives against corporate goals and objectives and determines and approves executive compensation (including any discretionary incentive awards) based on this evaluation • Reviews and makes recommendations to the Board regarding director compensation • Prepares the Compensation Committee Report • Oversees and approves incentive compensation plans and equity-based compensation plans
Each Compensation Committee member is independent *Each is an "outside director" under Section 162(m) of the Internal Revenue Code* *Each is a "non-employee director" for purposes of Rule 16b-3 of the Exchange Act*	

* Through the date of the Annual meeting.

Nominating and Corporate Governance Committee	Number of Meetings in 2016: 4
Chair: Peter C.B. Bynoe **Other Committee Members:** Diana S. Ferguson Howard L. Schrott Myron A. Wick, III	**Primary Responsibilities:** • Conducts annual evaluation of the Board and its committees • Recommends candidates for nomination, election or appointment to the Board and its committees • Engages in CEO succession planning efforts and executive talent development • Takes a leadership role in shaping our corporate governance, including developing and recommending to the Board our Corporate Governance Guidelines
Each Nominating and Corporate Governance committee member is independent	

Retirement Plan Committee	Number of Meetings in 2016: 4
Chair: Leroy T. Barnes, Jr. **Other Committee Members:** Edward Fraioli Virginia P. Ruesterholz Larraine D. Segil* Mark Shapiro	**Primary Responsibilities:** • Oversees our retirement plans, which includes review of the investment strategies and asset performance of the plans, compliance with the plans and the overall quality of the asset managers, plan administrators and communications with employees
Each Retirement Plan Committee member is independent	

* Through the date of the Annual meeting.

Director Stock Ownership Guideline

Each non-management director is expected to own shares of our stock having a minimum value of five times the cash portion of the annual non-management director retainer (which currently equates to $475,000) by the later of February 15, 2017 and five years after joining the Board. Stock unit grants are counted for purposes of fulfilling this guideline.

Executive Sessions of the Board of Directors

Our independent directors have regularly scheduled executive sessions in which they meet outside the presence of management. Pamela D.A. Reeve, in her role as Chairman, presides at executive sessions of the Board.

Communications with the Board of Directors

Any stockholder or interested party who wishes to communicate with the Board or any specific director, any non-management director, the non-management directors as a group, any independent director or the independent directors as a group, may do so by writing to such director or directors at: Frontier Communications Corporation, 401 Merritt 7, Norwalk, Connecticut 06851. This communication will be forwarded to the director or directors to whom it is addressed. This information regarding contacting the Board is also posted on the Investor Relations page of our website, *www.frontier.com*.

Code of Business Conduct and Ethics

We have a Code of Business Conduct and Ethics (the Code of Conduct) to which all employees, executive officers and directors (which for purposes of the Code of Conduct we collectively refer to as “employees”) are required to adhere in addressing the legal and ethical issues encountered in conducting their work. The Code of Conduct requires that all employees avoid conflicts of interest, comply with all laws and other legal requirements, conduct business in an honest and ethical manner, and otherwise act with integrity. Employees are required to report any conduct that they believe is an actual or apparent violation of the Code of Conduct and may do so anonymously by using our Ethics Hotline. Specific

provisions applicable to our principal executive officer and senior financial officers are in the Specific Code of Business Conduct and Ethics Provisions for Certain Officers (the Executive Code). We disclose on our website any amendment to, or waiver of, any provision of our Code of Conduct or Executive Code that is required to be disclosed pursuant to securities laws. Copies of the Code of Conduct and the Executive Code are available upon request to our Secretary, or may be viewed or downloaded from the Investor Relations page of our website, *www.frontier.com*.

Related Person Transactions Policy

The Board adopted a policy addressing our procedures with respect to the review, approval and ratification of "related person transactions" that are required to be disclosed pursuant to SEC regulations. The policy provides that any transaction, arrangement or relationship, or series of similar transactions, to which we are a party, that exceeds $120,000 in the aggregate, with a "related person" (as defined in the SEC regulations) who has or will have a direct or indirect material interest shall be subject to review, approval or ratification by the Nominating and Corporate Governance Committee. In its review of related person transactions, the Nominating and Corporate Governance Committee shall review the material facts and circumstances of the transaction and shall take into account specified factors, where appropriate, based on the particular facts and circumstances, including (i) the nature of the "related person's" interest in the transaction, (ii) the significance of the transaction to us and to the "related person" and (iii) whether the transaction is likely to impair the judgment of the "related person" to act in the best interest of Frontier.

No member of the Nominating and Corporate Governance Committee may participate in the review, approval or ratification of a transaction with respect to which he or she is a "related person," although such director can be counted for purposes of a quorum and shall provide such information with respect to the transaction as may be reasonably requested by other members of the Committee or the Board.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Named Executive Officers

Daniel J. McCarthy	President and Chief Executive Officer
R. Perley McBride*	Executive Vice President and Chief Financial Officer
Steve Gable	Executive Vice President and Chief Technology Officer
Cecilia K. McKenney	Executive Vice President and Chief Customer Officer
John J. Lass	Executive Vice President, Customer Operations
Kathleen Q. Abernathy**	Senior Advisor and Former Executive Vice President, External Affairs
John M. Jureller*	Former Executive Vice President and Chief Financial Officer

* Mr. McBride assumed the role of Executive Vice President and Chief Financial Officer on November 4, 2016, at which time Mr. Jureller ceased to be an employee of Frontier. All references to "CFO" in the following Compensation Discussion and Analysis section refer to Mr. McBride for 2016. All references to "NEO" refer to each other NEO, other than Mr. Jureller, whose compensation is discussed separately.

** Ms. Abernathy stepped down as Frontier's Executive Vice President, External Affairs, on November 18, 2016. At that time, she retained her role as Chair, America's Best Communities Prize Campaign, and assumed the position of Senior Advisor until her planned retirement in April 2017.

Executive Summary

The purpose of our executive compensation program is to align the goals and interests of our executives with those of Frontier and its stockholders by rewarding our leadership team for delivering on both short-term and long-term goals. Our program emphasizes stockholder value creation by using a mix of pay components, the majority of which are "at risk" and contingent upon performance against specified company and individual goals and tied to annual and sustained performance over a multi-year period.

2016 Review

2016 was a year that was both transformational and challenging for Frontier.

On April 1, 2016, we completed the acquisition of Verizon's wireline properties in California, Texas and Florida for a purchase price of $10.54 billion in cash and assumed debt, which allows us to provide services to residential, commercial and wholesale customers in those areas (the California, Texas and Florida Acquisition). In the past three years, and culminating with the close of the California, Texas and Florida Acquisition, we have more than doubled in size and scale, improved the quality of our assets, substantially diversified our revenue streams and geographic footprint and expanded the sophistication and attractiveness of our product offerings.

In addition, we implemented a new customer-focused organizational structure in December 2016, which is designed to improve the customer experience, streamline processes and reduce costs. As part of this new organizational structure, we realigned into two groups: consumer sales and commercial sales. This allows us to better serve the different needs of consumer and business customers. Non-customer facing functions such as finance, human resources, marketing, engineering, information technology and communications that had been regionalized were integrated and centralized to support both segments. This eliminated organizational layers, duplicative roles and costs.

In November 2016, R. Perley McBride became our Executive Vice President and Chief Financial Officer. Mr. McBride has more than 20 years of experience in financial roles in the communications industry, including more than a decade at Frontier earlier in his career.

However, Frontier also faced challenges that negatively impacted revenue and profitability in 2016. As a result, our stock price declined significantly. Despite these challenges, the Compensation Committee and our Board of Directors believe in the future of Frontier as a provider of quality communications services and have utmost confidence in Frontier's management and its ability to rebuild stockholder value.

The Compensation Committee continues to believe that the best way to align the interests of our executives and our stockholders is to reward success when we build stockholder value and limit compensation when stockholder value declines.

Consistent with this approach, due to Frontier's financial performance in 2016, Frontier did not pay annual cash bonuses to any employees, including our NEOs, for the year.

Total Stockholder Return

Total stockholder return (TSR) is a measure of gains or losses realized by common stockholders over time. TSR combines price appreciation and dividends paid to show the total return to a common stockholder as an annualized percentage. Frontier had a one year TSR of -20.4% for 2016, which was approximately in the 5th percentile relative to our Global Industry Classification Standard (GICS) industry group, the Integrated Telecommunications Services Group (GICS Code 50101020), and a three year TSR of -7.5%, which was approximately in the 27th percentile. We paid $493 million in common stock dividends and $214 million in preferred stock dividends in 2016 while continuing to invest in expanding and upgrading our network and product offerings.

CEO Pay at a Glance

The Compensation Committee awarded Mr. McCarthy total direct compensation (TDC) for 2016 performance as set forth below. A significant portion of his compensation is in the form of restricted stock and performance shares, the value of which is dependent on our stock price and the achievement of company and individual performance targets. The Compensation Committee followed the process described on page 40 to determine Mr. McCarthy's TDC and considered multiple factors, including:

- The closing of the California, Texas and Florida Acquisition
- The hiring of a new Chief Financial Officer, Perley McBride
- The implementation of a new organizational structure that allows Frontier to better serve its consumer and business customers
- Financial and stock performance of Frontier

Compensation Element	Amount	Note
Base Salary	$1,000,000	
Annual Cash Bonus	$ 0	No annual cash bonuses were paid for 2016
Restricted Stock Awards	$3,598,000	This represents the value of the grant of restricted stock awards for 2016 performance on the grant date, which will vest ratably over a three-year period
Performance Share Awards	$1,760,000	This represents the value of the target number of performance shares awarded on the grant date. The actual number of shares of common stock that will be earned will be based on 2016-2018 performance and the value of such earned shares will be determined on the date earned
Total Direct Compensation	$6,358,000	

Transaction Bonus

In 2016, the Compensation Committee also determined to award bonuses to certain Frontier employees in connection with the California, Texas and Florida Acquisition. The inclusion of an employee and the amount of his or her payment was determined by an evaluation of the employee's contribution to the planning, approval and execution of the transaction and integration of the acquired business following the closing thereof. In particular, the Committee recognized Messrs. Gable and Lass for their efforts to enable the transition of newly acquired customers and the provision of stable service following the closing, Ms. McKenney for the transfer of customer billing and call center operations and Ms. Abernathy for securing regulatory approval in multiple jurisdictions. Mr. McCarthy volunteered to forego being considered for a transaction bonus.

NEO	Transaction Bonus
Steve Gable	$1,000,000
Cecilia K. McKenney	$ 459,600
John J. Lass	$ 415,200
Kathleen Q. Abernathy	$ 840,000

Key Features of our Executive Compensation Program

Key executive compensation practices are summarized below. We believe these practices promote good governance and are in the best interests of Frontier and its stockholders:

What We Do
✓ Employ a pay-for-performance executive compensation program whereby approximately 80% of executive compensation is at risk and contingent upon performance against specified company and individual goals.
✓ Pay a majority of compensation in the form of long-term incentive awards to defer a portion of pay based on future company performance and tie compensation payout levels to our stock performance.
✓ Use multipliers to reward above-target performance and reduce short-term and long-term incentive payouts for below-target performance.
✓ Require our executives to own Frontier stock equal to a multiple of base salary. For our CEO, this multiple is five times base salary.
✓ Use double-trigger change-in-control severance arrangements.
✓ Hold an annual stockholder vote on our executive compensation program.
✓ Have a recoupment, or “clawback,” policy to recover both cash and equity compensation from executives, including in the case of misconduct that results in a restatement of our financial statements.
✓ Regularly analyze risks related to our compensation program and conduct a broad risk assessment annually.
✓ Engage an independent compensation consultant to provide advice to our Compensation Committee.

What We Don’t Do
⊗ Permit our executives to hedge or pledge Frontier stock.
⊗ Reward our executives with perquisites or tenure-based benefits, such as retiree medical benefits, in the ordinary course.
⊗ Pay dividends on unearned performance shares.
⊗ Make tax “gross-ups” for severance payments.

Impact of 2016 Say-on-Pay Vote

The Compensation Committee considers the results of the annual stockholder vote on our executive compensation program, in addition to other input from our stockholders, when evaluating and determining compensation policies and the compensation for our CEO and the other NEOs. The 2016 stockholder vote affirmed the Compensation Committee’s decisions for 2015, with a 93.7% stockholder approval of our executive compensation program. In light of this strong stockholder support, the Compensation Committee concluded that no significant revisions were necessary to our executive compensation program in 2016, although the Compensation Committee did implement refinements to the program, discussed below.

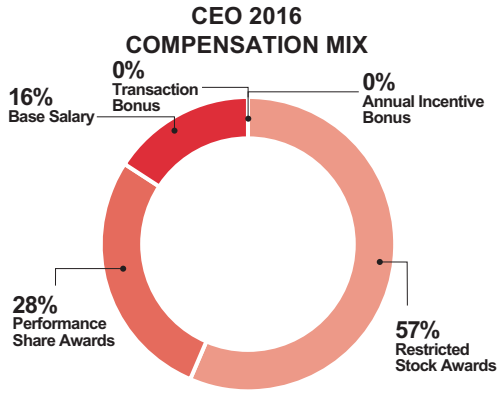
2016 Compensation Changes

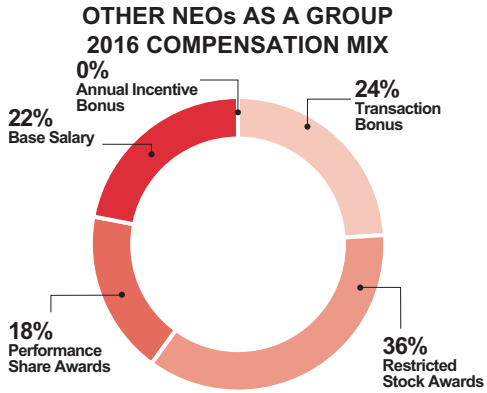
We evaluate our compensation program and practices on an ongoing basis and implemented the following changes in 2016:

- Re-aligned performance measures. We revised the company performance measures used to determine the bonus pool under the Frontier Bonus Plan in order to align executive interests with Frontier’s business objectives following the California, Texas and Florida Acquisition.
- Reduced duplicative metrics across equity award types. We removed the overlap in financial metrics used to grant restricted stock awards and performance share awards, which incentivizes our executives to focus on Frontier’s overall financial performance.

Our Pay and Performance Alignment

A key tenet of our compensation philosophy is to link the interests of our executives and our stockholders. Approximately 84% of our CEO's TDC for 2016 performance was at risk, i.e., contingent upon performance against specified company and individual goals. For the other NEOs as a group, on average, approximately 78% of their TDC for 2016 performance was at risk. This directly links our executives' pay to Frontier's financial performance, execution of strategic initiatives and TSR. See page 33 for a description of our compensation components.





In order to enhance transparency regarding the compensation actually received by each of our NEOs, we have included a Realized Pay Table to supplement the information provided in the Summary Compensation Table. See "2016 Realized Pay" below.

Executive Compensation Program Structure

Philosophy

Establish clear alignment between the interests of our executives and those of our stockholders by rewarding performance measured by key financial metrics, strategic objectives and relative TSR and through the use of equity awards, rather than cash, as a significant component of annual compensation.

Reinforce our performance culture for our NEOs by making a majority of their compensation at risk, i.e., contingent upon achievement of specified company and individual performance goals.

Hire and retain talented executives by having a compensation program that is competitive in relation to comparable companies based on size, overall complexity and the nature of our business.

Ensure company goals are fully aligned throughout the organization. Each year, we establish company-wide goals to achieve Frontier's business plan for the year. Our NEOs are compensated to the extent they are successful in leading Frontier to achieve these goals for each year.

Compensation Program Design

To achieve the objectives described above, our executive compensation program rewards our executives for both annual and long-term performance. For 2016, the primary components of executive compensation were: base salary and restricted stock awards and performance share awards under the 2013 Equity Incentive Plan. Of these components, only base salary represents fixed compensation. Each of the other components is variable based on the performance of both Frontier and the individual executive because they are measured against specific pre-established goals and targets. In addition, certain of our NEOs received a cash bonus in connection with the closing of the California, Texas and Florida Acquisition and the integration of the acquired assets. No annual cash bonuses were awarded.

At its February 2016 meeting, the Compensation Committee set maximum individual payouts under our umbrella bonus pool and the Operating Cash Flow performance goal for the year, the achievement of which would permit the funding of

the maximum payouts. It was also agreed at that time that the Operating Cash Flow goal would be increased pursuant to a pre-established formula if the California, Texas and Florida Acquisition closed at the beginning of the second quarter of 2016. The Company Performance Goals and financial targets used to determine bonuses under the Frontier Bonus Plan, and restricted stock awards and performance share awards under the 2013 Equity Incentive Plan, all of which are awarded under our umbrella bonus pool, were set at our second quarter Compensation Committee meeting based on management's estimate of consolidated financial performance for the full year, taking into account the anticipated impact of the California, Texas and Florida Acquisition.

In order to determine the appropriate amount and mix of compensation components for each NEO, the Compensation Committee considers many factors, including experience, value provided to Frontier, scope of responsibility, company and individual performance, benchmark data based on our peer group and general industry survey data for comparably sized companies.

Component	Purpose	Performance Measures
Base Salary (Fixed)	• Attract and retain executives	• Job scope and experience • Market pay (we target the median of market using peer group and survey data) See page 33.

Annual Cash Bonus (At Risk)	• Attract and retain executives
	• Incents and rewards executives for achievement of pre-established, measurable annual performance goals
		• Company Performance Goals:
		  • Financial targets (revenue, Adjusted EBITDA, Adjusted Free Cash Flow Per Share)
		  • Customer experience improvements
		  • Product improvements
		  • Workforce preparation and development targets
		• Individual Performance Goals
		See page 34.

Restricted Stock Awards (At Risk)	• Attract and retain executives • Incents and rewards executives for achievement of pre-established, measurable annual performance goals • Aligns value with stock price because vest ratably over three years	• Company Performance Goals • Individual Performance Goals See page 36.
Performance Share Awards (At Risk)	• Attract and retain executives • Aligns executive pay with financial performance and TSR over three-year Measurement Periods	• Operating Cash Flow targets set annually • Three-year TSR "modifier" (Frontier TSR as compared to industry peers) • Individual must maintain satisfactory performance rating throughout period See page 37.

Market and Peer Group Reviews

The Compensation Committee, with input from its independent compensation consultant, establishes Frontier's peer group for use in benchmarking and market comparison purposes. The peer group set forth below was used to set compensation for 2016. When comparing financial metrics of the peer group, Frontier was at the 25th percentile for market capitalization, 45th percentile for enterprise value, 39th percentile for revenue, 59th percentile for employee count, 55th percentile for total assets and 62nd percentile for EBITDA.

2016 Peer Group	
• American Tower Corporation	• Gannett Co., Inc.
• Anixter International Inc.	• Harris Corporation
• Cablevision Systems Corporation	• Juniper Networks, Inc.
• CenturyLink, Inc.	• Level 3 Communications, Inc.
• Charter Communications, Inc.	• Sirius XM Holdings Inc.
• Cincinnati Bell Inc.	• Telephone & Data Systems Inc.
• Crown Castle International Corp.	• TELUS Corporation
• DIRECTV	• Time Warner Cable Inc.
• DISH Network Corporation	• United States Cellular Corporation
	• Windstream Holdings, Inc.

In November 2015 the Compensation Committee determined that it was appropriate to revise Frontier's peer group to reflect our size and scale following the close of the California, Texas and Florida Acquisition. The new peer group set forth below was used to set compensation for 2017. When comparing financial metrics of the post-acquisition peer group, on a pro forma basis, Frontier was at the 24th percentile for market capitalization, 36th percentile for enterprise value, 65th percentile for revenue, 55th percentile for employee count, 65th percentile for total assets and 80th percentile for EBITDA.

2017 Peer Group	
Companies listed in bold were added to the peer group. The following companies were removed from the peer group due to smaller size or M&A activity: American Tower Corporation, Cincinnati Bell Inc., Crown Castle International Corp., DIRECTV, Gannett Co., Inc., Sirius XM Holdings Inc., Telephone & Data Systems Inc., United States Cellular Corporation.	
• Anixter International Inc.	• **Priceline Group Inc.**
• **ADP, LLC**	• **Rogers Communications Inc.**
• Cablevision Systems Corporation	• **R. R. Donnelley & Sons Company**
• CenturyLink, Inc.	• **Sprint Corporation**
• Charter Communications, Inc.	• TELUS Corporation
• DISH Network Corporation	• **Thomson Reuters Corporation**
• **First Data Corporation**	• Time Warner Cable Inc.
• Harris Corporation	• **T-Mobile US, Inc.**
• Juniper Networks, Inc.	• Windstream Holdings, Inc.
• Level 3 Communications, Inc.	• **Xerox Corporation**

General industry survey data, as described below, was also considered in determining the compensation levels of the NEOs and other executives. In the case of executives for whom there was no publicly available data or no comparable position at the peer group companies, the results from proprietary general industry executive compensation surveys were analyzed to assess competitiveness.

As an initial step in the consideration of survey data, the survey is size-adjusted based on our annual revenue. The 2015 survey data used to determine 2016 compensation was size-adjusted to approximately $6.0 billion, which reflected Frontier's estimated size following our acquisition of the wireline properties of AT&T in Connecticut (the AT&T Acquisition). Similarly, in 2016, the survey data used to determine 2017 compensation was size-adjusted to $10.4 billion to approximate Frontier's 2016 revenue, adjusted as if the California, Texas and Florida Acquisition had closed on January 1, 2016. The analyses included examining how each executive's compensation compared to the results in the surveys for base salary, target bonus, target total annual compensation (consisting of base salary and target bonus), target long term incentives and target TDC (consisting of base salary, target annual bonus opportunity and target long-term incentives). Some of our NEOs have responsibilities that extend beyond the traditional scope indicated by their titles. As a result, directly comparable roles in the survey data were not always available. In these cases, the Compensation Committee took into account data from these third-party surveys and the importance of the role to Frontier when determining the commensurate total compensation levels for the NEO. In considering the survey data, the Compensation Committee did not review nor is it aware of the specific companies that are included in the surveys.

2016 Realized Pay

The table below supplements the Summary Compensation Table that appears later in this Proxy Statement. The Realized Pay Table shows the compensation actually received by each NEO in 2016, 2015 and 2014. Realized pay for an NEO for any given year may be greater or less than the compensation reported in the Summary Compensation Table for that year depending on fluctuations in stock prices on the grant and vesting dates, differences in equity grant values from year to year and SEC reporting requirements, as described below.

The primary difference between the Realized Pay Table and the Summary Compensation Table is the method used to value restricted stock awards and performance share awards. SEC rules require that the grant date fair value of all restricted stock awards and performance share awards be reported in the Summary Compensation Table for the year in which they were granted. As a result, a significant portion of the total compensation amounts reported in the Summary Compensation Table relates to restricted stock awards and performance shares that have not vested or been earned, for which the value is therefore uncertain and which may end up having no value at all. In contrast, the Realized Pay Table includes only restricted stock and performance shares that vested during the applicable year and shows the value of those awards as of the applicable vesting date.

There is no assurance that the NEOs will actually realize the value attributed to these awards even in this Realized Pay Table, since the ultimate value of the restricted stock and performance shares will depend on the price of Frontier's common stock when the vested and earned shares are sold by the executives. Our executives are subject to periodic stock sale restrictions and our stock ownership guidelines, which also limit their ability to sell Frontier stock received as compensation.

2016 Realized Pay Table

Name	Year	Salary[1]	Transaction Bonus[2]	Actual Cash Incentive Bonus[3]	Restricted Stock Awards Vested[4]	Performance Shares Earned [5]	All Other Compensation[6]	Total
Daniel J. McCarthy	2016	$981,251	—	—	$1,934,451	$386,314	$ 10,800	$3,312,816
	2015	$862,500	—	$1,165,500	$2,524,118	$557,668	$ 9,105	$5,118,891
	2014	$658,333	$ 250,000	$ 667,575	$ 989,196	$648,624	$ 9,055	$3,222,783
R. Perley McBride[7]	2016	$199,432	—	—	—	—	$109,489	$ 308,921
Steve Gable[8]	2016	$458,750	$1,000,000	—	$ 78,324	$ 18,029	$ 9,884	$1,564,987
Cecilia K. McKenney	2016	$483,906	$ 459,600	—	$ 933,898	$160,966	$ 9,805	$2,048,175
	2015	$445,833	—	$ 457,800	$1,336,964	$278,836	$ 9,105	$2,528,538
	2014	$370,833	$ 175,000	$ 370,875	$ 549,621	$324,322	$ 8,855	$1,799,506
John J. Lass[9]	2016	$436,156	$ 415,200	—	$ 318,947	$ 48,419	$ 9,836	$1,228,558
Kathleen Q. Abernathy[10]	2016	$415,000	$ 840,000	—	$ 719,518	$ 96,580	$ 10,202	$2,081,300
	2015	$397,247	—	$ 403,200	$1,094,837	$209,127	$ 9,000	$2,113,411
John M. Jureller	2016	$493,864	—	—	$1,018,373	—	$286,904	$1,799,141
	2015	$568,750	—	$ 548,550	$1,102,623	$487,959	$ 9,105	$2,716,987
	2014	$531,250	$ 200,000	$ 506,863	$ 249,500	—	$ 8,855	$1,496,468

(1) Amounts shown in this column equal the amounts reported in the "Salary" column of the Summary Compensation Table.

(2) Amounts shown in this column equal the amounts reported in the "Bonus" column of the Summary Compensation Table and reflect bonuses granted in connection with the closing of the AT&T Acquisition in October 2014 and the closing of the California, Texas and Florida Acquisition in April 2016.

(3) Amounts shown in this column equal the amounts reported in the "Non-Equity Incentive Plan Compensation" column of the Summary Compensation Table.

(4) Amounts shown in this column represent the aggregate value of all restricted stock that vested during the applicable year. The value of restricted stock realized upon vesting is based on the closing price of our common stock on the vesting dates and does not take into account the NEO's tax liability upon vesting. See page 36 for a discussion of restricted stock awards.

(5) Amounts in this column represent the value of performance shares that were earned for the applicable Measurement Period, based on the closing price of our common stock on the last day of the Measurement Period. See page 37 for a discussion of performance share awards.

(6) Amounts shown in this column equal the amounts reported in the "All Other Compensation" column of the Summary Compensation Table.

(7) Information for Mr. McBride is not provided for 2014 or 2015 because he joined Frontier in September 2016.

(8) Information for Mr. Gable is not provided for 2014 or 2015 because he was not an NEO for those years.

(9) Information for Mr. Lass is not provided for 2014 or 2015 because he was not an NEO for those years.

(10) Information for Ms. Abernathy is not provided for 2014 because she was not an NEO for that year.

2016 Total Direct Compensation for NEOs

Cash Compensation

Base Salary. Base salaries for our executives, including our NEOs, are set by the Compensation Committee after consideration of various factors, including individual performance, executive experience and skill set, the ability to attract and retain talented executives and market data.

Executives are eligible for increases to their base salary if there is a change in responsibility or the individual's base salary is not in line with desired market position. We generally target the median of our peers when setting base salary, but any increases or decreases are ultimately at the discretion of the Compensation Committee.

Effective April 1, 2016, in order to bring certain base salaries in line with the desired market position, and in view of Frontier having nearly doubled in size with the closing of the California, Florida and Texas Acquisition, the Compensation Committee approved the following increases:

NEO	2016 Base Salary	Change from 2015 Base Salary
Daniel J. McCarthy	$1,000,000	8.1%
Steve Gable	$ 470,000	10.6%
Cecilia K. McKenney	$ 487,000	2.5%
John J. Lass	$ 440,000	3.5%
Kathleen Q. Abernathy	$ 420,000	5.0%

Bonus. The Compensation Committee uses the Frontier Bonus Plan to provide cash incentives to executives, including the NEOs, based on the achievement of certain company metrics (Company Performance Goals) and individual performance goals. The bonus pool is funded based solely on achievement of Company Performance Goals, and the funded pool is allocated based on achievement of Company Performance Goals and individual performance goals. For 2016, the results of the Company Performance Goals were to represent 60% of the funded bonus, and the results of the individual performance evaluations were to represent 40% of the funded bonus. An NEO's "target bonus opportunity" is expressed as a percentage of his or her annual base salary and represents the amount the NEO would receive if performance metrics are achieved at target. For 2016, each NEO, other than Mr. McCarthy, had a target bonus opportunity equal to 100% of his or her base salary; Mr. McCarthy's target bonus opportunity was 130% of his base salary. Potential bonus payouts could be from 0% for below-threshold performance, up to a maximum of 156% for outstanding performance, of each NEO's target bonus opportunity. Achievement of threshold performance would result in a payout of 70% of the target bonus opportunity, subject to the discretion of the Compensation Committee to award no bonuses even if threshold performance is achieved.

Individual performance goals for 2016 were tailored to each NEO's role and responsibilities. For 2016, the Compensation Committee determined to revise the Company Performance Goals from those used in prior years in order to align executive interests with Frontier's business objectives following the California, Texas and Florida Acquisition. The Company Performance Goals were weighted in relation to their importance to Frontier's overall success (the Weighted Company Performance Goals).

2016 Weighted Company Performance Goals	Weighting to Set Bonus Pool
(1) Financial Targets	60%
— Revenue, Adjusted EBITDA, Adjusted Free Cash Flow Per Share (equally weighted)	
(2) Customer Experience Improvements	10%
(3) Product Improvements	
— Product Quality Score Improvements	
— Video Market Penetration	
— Expand Broadband Availability	
— Speed Enhancements	15%
(4) Prepare and Develop Future Workforce	
— Increased Training and Certification	
— Improve Customer Operations Metrics	
— Promote and Develop Diverse Workforce	15%
	100%

Specified financial targets are included in the Weighted Company Performance Goals because Frontier uses these targets to assess the overall financial health and performance of Frontier, to analyze and evaluate strategic and operational decisions and to understand cash flow generation.

We include Customer Experience Improvements in the Weighted Company Performance Goals because customer experience drives revenue. We also include various measures of the quality and availability of our products in order to incent management to improve them. Specifically, in 2016 we targeted the expansion of our video product into new markets, the capability to deliver broadband to additional households and the delivery of faster speed to existing customers. The ability to execute on these goals will be important in driving revenue. Because Frontier is committed to attracting, developing and retaining a strong workforce, we also included metrics designed to promote enhanced training and improved customer operations and support diversity initiatives.

At its February 2017 meeting, the Compensation Committee reviewed Frontier's performance against each of the financial targets for 2016, which was as follows:

($ in millions, except per share amounts) Financial Target	Threshold (approx. 90% of Target)	Target	Outstanding (approx. 110% of Target)	Result	Percentage of Target
Revenue	$8,585	$9,539	$10,493	$8,896	93.3%
Adjusted EBITDA	$3,269	$3,632	$ 3,995	$3,525	97.1%
Adjusted Free Cash Flow Per Share	$ 0.69	$ 0.77	$ 0.85	$ 0.79	102.6%

Payout for performance between levels is determined using linear interpolation.

The Compensation Committee also reviewed 2016 performance against each of the metrics set for the year and determined the following:

- Frontier's customer experience improvements, which were designed to increase value for our customers, were accomplished at 38.7% of target.
- Product improvement initiatives, which included the introduction of video services under our Vantage brand into five new markets, the increase in broadband availability and the deployment of speed enhancements, were accomplished at 100% of target.
- We developed a stronger workforce through the enhanced training of technicians, internet help desk representatives and other customer-facing personnel and supported our diversity initiatives. Performance against our workforce targets was 100% of target.

After assessing performance under each of the Weighted Company Performance Goals, we apply a 3:1 power ratio for results between the threshold (90%) and maximum (110%), meaning that for each one percent that performance is above or below the target (100%), the bonus increases or decreases by three percentage points.

Performance against the 2016 Weighted Company Performance Goals is summarized in the following table:

2016 Weighted Company Performance Goals	2016 Performance
(1) Financial Targets (60%)	97.7%
(2) Customer Experience Improvements (10%)	38.7%
(3) Product Improvements (15%)	100%
(4) Prepare and Develop Future Workforce (15%)	100%
Total Weighted Company Performance	92.5%
Total Weighted Company Performance Percentage with 3:1 Power Ratio	77%

After applying the 3:1 power ratio, the performance percentage is calculated. The funded bonus pool is determined accordingly. The performance percentage is applied to each participant's target bonus award, and each participant's actual bonus is equal to 60% of the performance-adjusted target bonus plus an individual performance factor times 40% of the performance-adjusted target bonus. Individuals can earn 0% to 150% of the individual performance factor, depending on performance. To determine this factor, the Compensation Committee evaluates each NEO's performance against the

individual's 2016 performance goals, which are tailored to each NEO's role and responsibilities and objectives for the year. For each NEO (other than Mr. McCarthy), the Compensation Committee considers Mr. McCarthy's analysis and recommendations in evaluating each NEO's performance and determining his or her bonus. For Mr. McCarthy, the Compensation Committee independently evaluates his performance.

Despite many successes, the Compensation Committee recognized that Frontier also faced challenges that negatively impacted revenue and profitability in 2016. As a result, stockholder value declined significantly. Consistent with our approach to align executive pay with stockholder interests, due to Frontier's performance in 2016, the Compensation Committee elected to exercise negative discretion and (i) not pay annual cash bonuses to our employees, including our NEOs, for the year, and (ii) reduce the performance percentage for restricted stock and performance share grants to 74% of target.

At its February 2017 meeting, the Compensation Committee also set the 2017 Company Performance Goals for our Senior Leadership Team, including our NEOs, which are intended to focus senior leadership on driving financial goals.

2017 Company Performance Goals	Weighting to Set Bonus Pool
(1) Revenue	12.5%
(2) Adj. EBITDA	50%
(3) Operating Cash Flow	25%
(4) Net Experience Score (a measure of customer experience)	12.5%

Equity Compensation

The Compensation Committee provides long-term incentives to our employees, including our NEOs, through a combination of restricted stock and performance share awards granted under our 2013 Equity Incentive Plan.

In 2016, the Compensation Committee revised the financial metrics used to make restricted stock awards, which eliminated the overlap with the metrics used to make performance share awards. This change further aligns stockholder and executive interests by incentivizing executive officers to focus on Frontier's overall financial performance.

In February of each year, the Compensation Committee sets a target dollar value of total equity awards for each NEO for that year to fulfill the purposes described above under "Compensation Program Design." In making this determination, the Compensation Committee considers peer group information and survey data (see page 31 for additional information), as well as the need to align each NEO's interests with those of our stockholders.

For 2016, the Compensation Committee determined that one-third of long-term incentive awards should be in the form of performance shares and two-thirds in the form of restricted stock awards. The Committee believes that this mix is appropriate at this time because it aligns stockholder value and executive interests by linking compensation to long-term performance and stockholder returns. There is no minimum guaranteed level of equity awards. In February 2016, the Compensation Committee set the following targets for 2016 equity awards for each NEO, other than Mr. McBride, whose target was set when he joined Frontier:

Name	2016 Target Value of Restricted Stock Awards	2016 Target Value of Performance Share Awards	2016 Target Value of Total Equity Awards
Daniel J. McCarthy	$3,740,000	$1,760,000	$5,500,000
R. Perley McBride	$1,450,000	$ 760,000	$2,210,000
Steve Gable	$ 850,000	$ 400,000	$1,250,000
Cecilia K. McKenney	$1,105,000	$ 520,000	$1,625,000
John J. Lass	$ 850,000	$ 400,000	$1,250,000
Kathleen Q. Abernathy	$ 680,000	$ 320,000	$1,000,000

Restricted Stock Awards. The Compensation Committee uses restricted stock awards (RSAs) as a component of compensation because RSAs encourage our NEOs to focus attention on decisions that emphasize long-term returns for stockholders. RSAs are granted based on performance and vest ratably over three years.

The Compensation Committee generally makes all RSA grants to our executives, including our NEOs, at its regularly scheduled meeting each February, with the exception of awards to eligible new hires, which are awarded as of the date of hire.

In accordance with the restricted stock plan, in order for any RSAs to be granted, the Compensation Committee set a minimum performance threshold of an average of 90% for the three financial targets included in the Weighted Company Performance Goals (Revenue, Adjusted EBITDA and Adjusted Free Cash Flow Per Share) under the Bonus Plan.

The Compensation Committee determines the dollar value of RSA grants based upon the target set at the beginning of the year, which is then adjusted based on attainment of the Weighted Company Performance Goals and assessment of individual performance at the end of such year. There is no guarantee that an NEO will receive an RSA grant, meaning that an NEO could receive 0% of his or her target RSA opportunity for below-threshold performance. The maximum dollar value of potential RSA grants varies by NEO, with the highest being 169% of the value of such NEO's target RSA opportunity, in cases of outstanding performance. The Compensation Committee assesses Mr. McCarthy's individual performance and determines his RSA grant. RSA grants for the other NEOs are determined by the Compensation Committee, taking into account the recommendations of Mr. McCarthy.

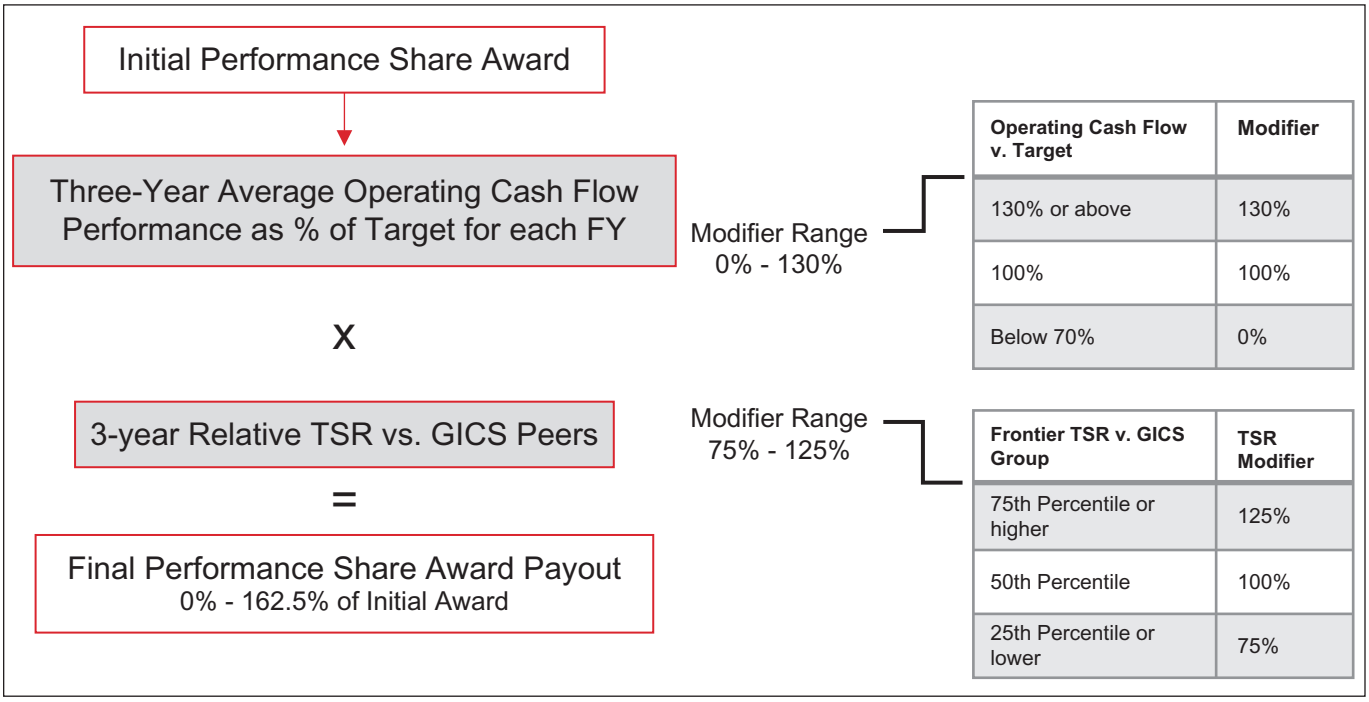
In February 2016, the Compensation Committee determined that the minimum performance threshold was met for 2015 and assigned each NEO the dollar amounts shown in the Grants of Plan-Based Awards Table on page 46. The dollar amount was then converted to a number of RSAs based on the average of the high and low price of Frontier's common stock on the date of grant.

In February 2017, the Compensation Committee approved RSA grants based on 2016 performance of the NEOs as set forth below under "February 2017 NEO Compensation Actions."

Performance Share Awards. Performance share awards are an important component of compensation because they encourage a focus on long-term financial performance and TSR, further aligning the interests of our NEOs and stockholders.

The NEOs receive a target performance share award each year at a regularly scheduled Compensation Committee meeting. Performance share awards are then earned at the end of the three-year Measurement Period applicable to these awards based on the following:

- Achievement of annual targets for operating cash flow for each year in the three-year Measurement Period → Important measure of Frontier's underlying financial performance
- Our TSR relative to the Integrated Telecommunications Services Group (GICS Code 50101020) for the three-year Measurement Period → Creates direct link to stockholder results



Operating Cash Flow v. Target	Modifier
130% or above	130%
100%	100%
Below 70%	0%

Frontier TSR v. GICS Group	TSR Modifier
75th Percentile or higher	125%
50th Percentile	100%
25th Percentile or lower	75%

Annual operating cash flow targets are used because it would not be feasible to set and calculate multi-year performance given Frontier's significant acquisition activity. A three-year relative TSR modifier is applied in order to measure Frontier's execution on its strategic goals over a multi-year period relative to our industry peers. The Operating Cash Flow and TSR modifiers for results that fall in between levels is determined using straight line interpolation.

An executive must remain employed by Frontier throughout the three-year Measurement Period and also must maintain a satisfactory performance rating throughout the Measurement Period in order for the award to vest. Performance share awards, to the extent earned, will be paid out in the form of common stock on a one-to-one basis, plus accrued dividends on such earned shares, shortly following the end of the three-year Measurement Period.

In February 2016, the Compensation Committee approved target performance share awards for each of the NEOs for the 2016-2018 Measurement Period. These awards are described in the Grants of Plan-Based Awards Table and the narrative that follows that table. Actual shares earned will be determined by the Compensation Committee in February 2019 and will be subject to increase or decrease (including forfeiture of the entire award for below threshold performance with respect to operating cash flow) as set forth in the diagram above.

In February 2017, following the completion of the 2014-2016 Measurement Period, the Compensation Committee determined the number of shares of common stock earned for that period. The 2014-2016 Measurement Period results were as follows:

Operating Cash Flow Results (dollars in millions) Year	Target	Actual	Performance as % of Target
2014	$1,619	$1,441	89.0%
2015	$1,713	$1,603	93.5%
2016	$2,342	$2,266	96.7%
Average			**93.1%**
TSR Performance Modifier			**77% (27th percentile)**
Number of shares earned as % of target performance share awards			**71.7%**

The number of shares of common stock earned by each of the NEOs for the 2014-2016 Measurement Period is set forth below under "February 2017 NEO Compensation Actions."

In February 2017, the Compensation Committee also granted target performance share awards for the 2017-2019 Measurement Period for the NEOs as set forth below under "February 2017 NEO Compensation Actions" and set the relative TSR performance modifier for the 2017-2019 Measurement Period.

Perquisites and Other Benefits

As an inducement to accept employment with Frontier, Mr. McBride received $75,000 for relocation assistance, which includes household goods transfer, closing costs and temporary housing, and a tax gross up for taxes related to such services equal to $34,312. There were no other reportable perquisites in 2016 for the CEO or the other NEOs.

We provide other benefits to our NEOs on the same basis as all of our non-union, full-time employees, although we require the executives to pay a higher percentage of the costs than other employees. These benefits consist of medical, dental and vision insurance, basic life and disability insurance and matching contributions to our 401(k) plan for employees who participate in the plan. The Frontier-paid life insurance benefit for all employees, including the NEOs, is one-times annual base salary, up to a maximum of $50,000.

Messrs. McCarthy, McBride and Lass are our only NEOs with vested benefits under the Frontier Pension Plan, which was frozen for all non-union participants in 2003.

Executives are not eligible for retiree medical benefits.

Compensation for Mr. Jureller

Frontier and Mr. Jureller entered into a Separation Agreement and Release dated September 12, 2016, pursuant to which Mr. Jureller agreed to continue to serve in transitional capacities through November 4, 2016. As consideration for Mr. Jureller's compliance with the terms of the Separation Agreement, the Compensation Committee agreed to pay Mr. Jureller $1,500,000 (paid in two installments), and to pay COBRA premiums for 15 months. The compensation arrangements in place for Mr. Jureller prior to his departure in November 2016 were established in accordance with the general processes outlined above for our NEOs. Upon his departure, Mr. Jureller forfeited his outstanding cash and unvested equity incentive awards. See below under "Employment Arrangements; Potential Payments Upon Termination or Change-in-Control" for additional information.

February 2017 NEO Compensation Actions

In February 2017, the Compensation Committee met to evaluate the performance of our CEO and the other NEOs to determine base salaries for 2017, annual cash bonus payouts for 2016 performance, RSA grants related to 2016 performance, performance share awards earned for the 2014-2016 Measurement Period and target performance share awards granted for the 2017-2019 Measurement Period. As part of its compensation determinations, the Committee considered competitive market data provided by its independent compensation consultant.

The Committee evaluated Mr. McCarthy based upon Frontier's 2016 financial performance (as measured by Revenue, Adjusted EBITDA and Adjusted Free Cash Flow Per Share), his leadership with respect to the achievement of the Company Performance Goals and his 2016 individual performance goals, which included the execution of near-term and long-term strategic initiatives. Specifically, the Committee recognized his leadership with respect to:

- The closing of the California, Texas and Florida Acquisition
- The hiring of a new Chief Financial Officer, Perley McBride
- The implementation of a new organizational structure that allows Frontier to better serve its consumer and business customers
- Financial and stock performance of Frontier

For the other NEOs, whose performance was evaluated based on the same Company Performance Goals as Mr. McCarthy, the Compensation Committee reviewed Mr. McCarthy's performance assessments and compensation recommendations. The Committee then discussed its assessment of each NEO and approved RSA grants related to 2016 performance, performance share awards earned for the 2014-2016 Measurement Period and target performance share awards granted for the 2017-2019 Measurement Period, in each case as set forth in the table below. At this meeting, the Compensation Committee elected to use its negative discretion and no annual bonuses were awarded for 2016 performance. The Compensation Committee also elected not to increase base salaries for our NEOs in 2017. In furtherance of the purposes of our compensation program, including retention of talented individuals and the alignment of stockholder and executive interests, the Committee approved RSA grants for our NEOs based on attainment of the Weighted Company Performance Goals at 74% of target and an individual performance factor of 130%.

Name	2017 Base Salary (no change from 2016) ($)	2016 Incentive Bonus Payout ($)	Restricted Stock Awarded (#)	Performance Share Awards Earned(1) (#)	Target Performance Share Awards Granted(2) (#)
Daniel J. McCarthy	$1,000,000	$0	1,082,070	114,294	721,805
R. Perley McBride	$ 650,000	$0	419,519	—	300,752
Steve Gable	$ 470,000	$0	245,925	5,334	180,452
Cecilia K. McKenney	$ 487,000	$0	319,703	47,623	180,452
John J. Lass	$ 440,000	$0	245,925	14,325	120,301
Kathleen Q. Abernathy(3)	$ 420,000	$0	—	28,574	—

(1) The amounts in this column represent the number of performance shares earned for the 2014-2016 Measurement Period, 71.7% of target.

(2) The amounts in this column represent the target number of shares awarded in February 2017 for the 2017-2019 Measurement Period.

(3) Ms. Abernathy stepped down from her executive officer role in November 2016 and assumed the position of Senior Advisor until her planned retirement in April 2017.

Roles and Responsibilities

The Compensation Committee

The Compensation Committee is responsible for approving and overseeing our executive compensation philosophy and programs, as well as determining and approving the compensation for our senior executives, which includes our NEOs. Each year, at its February meeting, the Compensation Committee reviews the Company Performance Goals and the individual performance goals for the NEOs and approves the target levels for each of the compensation components that apply to the NEOs for the upcoming year. At that same meeting, the Compensation Committee assesses the performance of our NEOs for the year just ended. With respect to CEO compensation, the Compensation Committee reviews its recommendations with the other independent directors and considers any additional input from them before finalizing its decision.

In making its compensation decisions, the Compensation Committee reviews tally sheets setting forth all components of compensation paid to the NEOs for the past five years, along with target compensation for those years, including base salary, bonus, grant date values of RSAs and performance share awards and the value of dividends paid on unvested restricted shares. These tally sheets also show the executives' holdings of unvested RSAs and performance share awards from prior years' awards and the current value of those awards. The Compensation Committee uses these tally sheets to (i) review the total annual compensation of the NEOs over the past five years, (ii) assess the executive officers' compensation against their individual and company performance over that period and (iii) assure that the Committee has a comprehensive view of our compensation programs.

The Compensation Committee reviews on a periodic basis management compensation programs, including any management incentive compensation plans, to determine whether they are appropriate, properly coordinated and achieve their intended purpose(s), and recommends to the Board any modifications or new plans or programs.

The Chief Executive Officer

Our CEO annually reviews the performance and contributions of our senior executives, including our NEOs, and presents to the Compensation Committee his performance assessments and compensation recommendations, including the proposed award for each component of the executive's total compensation. Mr. McCarthy's review consists of an assessment of the executive's performance against company-level and individual goals and targets. The Compensation Committee then conducts a separate review process with respect to these executives and, after making any adjustments, approves the compensation for these executives.

The CEO has no involvement in setting his own compensation.

The Compensation Consultant

The Compensation Committee retains an independent executive compensation consultant that provides services solely to the Compensation Committee and not Frontier. Since 2010, the Compensation Committee has engaged Frederic W. Cook & Co., Inc. to assist the Committee in the development of compensation programs, evaluation of compensation practices and the determination of compensation awards. In addition, in 2016 the compensation consultant provided advice and insights on additional compensation matters, including with respect to the peer group, benchmarking of executive compensation levels and director compensation, incentive plan design review and our stock incentive plan, and reviewed this Compensation Discussion and Analysis.

The Compensation Committee considers the compensation consultant's input and advice but reaches its own independent decisions on compensation matters. Importantly, the Compensation Committee has sole authority to retain and terminate the compensation consultant.

The compensation consultant provides no other services to Frontier and the Compensation Committee has instituted policies to avoid conflicts of interest raised by the work of the compensation consultant. Pursuant to SEC rules, the Compensation Committee is required to consider any conflicts of interest raised by the work of the Compensation Committee's compensation consultants. After considering the relevant factors, the Compensation Committee determined that no conflicts of interest were raised by the work of the compensation consultant in 2016.

Additional Compensation Features and Policies

Stock Ownership Guidelines

To further align our executives' interests with those of our stockholders, our Board established stock ownership guidelines for the CEO and the other members of the Senior Leadership Team, and reviews the guidelines annually. The CEO is expected to own shares of Frontier stock having a minimum value of five times (5x) base salary, the CFO is expected to own shares of Frontier stock having a minimum value of three and one-half times (3.5x) base salary and each other member of the Senior Leadership Team is expected to own shares of Frontier stock having a minimum value of two and one-half times (2.5x) base salary. Unvested restricted stock awards and unearned performance shares are not counted for purposes of fulfilling this requirement. At such times as a member of the Senior Leadership Team does not meet the applicable ownership guideline, the executive will be required to hold 50% of Frontier stock that the executive acquires after that date through the Frontier equity compensation programs, excluding shares sold to pay related taxes. The Compensation Committee administers these stock ownership guidelines.

Hedging and Pledging Prohibition

Executives are prohibited from hedging or pledging their shares of Frontier stock.

Termination of Employment and Change-in-Control Arrangements

To attract talented executives, support retention objectives and ensure that executives perform their work with objectivity, we provide certain post-employment benefits to the NEOs. In addition, Frontier has a Senior Leadership Team Severance Plan (the Severance Plan), which covers, among others, our NEOs.

We also maintain change-in-control arrangements with our NEOs to promote the unbiased efforts of our executives to maximize stockholder value before, during and after a change-in-control that may impact the employment status of the executives. The Compensation Committee set the severance amounts based on peer group reviews. The change-in-control arrangements are subject to "double-trigger" vesting and do not include gross-up payments for excise taxes imposed under Section 280G of the Internal Revenue Code as a result of severance payouts.

For further discussion of these severance arrangements, see "Employment Arrangements; Potential Payments Upon Termination or Change-in-Control" that follows this Compensation Discussion and Analysis.

Clawback Policies

Since 2010, Frontier has included in all of its equity compensation awards, including to the NEOs, a recoupment or "clawback" provision. This provision requires that unvested equity awards be forfeited if the Compensation Committee determines that the employee engaged in certain defined types of misconduct, including engaging in acts considered to be contrary to the best interests of Frontier, commission of felonies or other serious crimes, or engaging in any activity which constitutes gross misconduct. The provision also provides that the Compensation Committee may in its sole discretion require the employee to return all stock that vested within the twelve month period immediately prior to the misconduct, or if no longer held by the employee, to pay to Frontier any and all gains realized from such stock.

Effective December 11, 2014, we adopted an enhanced clawback policy that is triggered if Frontier is required to restate its financial statements due to material noncompliance with any financial reporting requirement under the securities laws that was contributed to by the fraud or intentional misconduct of an executive officer, including an NEO. If the policy is triggered, the Compensation Committee will require reimbursement or forfeiture of any cash and equity incentive compensation awarded to or received by the executive officer in question during the three year period preceding the date on which Frontier is required to prepare the restatement. The amount to be recovered would be the excess of the incentive compensation obtained by the executive officer based on the erroneous data over the amount that would have been obtained by the executive officer had it been based on the restated results, as determined by the Compensation Committee. We will review the terms of this recovery policy in light of the requirements under the Dodd-Frank Act and will make any necessary changes to be in compliance with final regulations when issued.

Tax Implications—Deductibility of Executive Compensation

Section 162(m) of the Internal Revenue Code generally disallows a tax deduction to public companies for compensation over $1,000,000 paid to the chief executive officer or any of the three most highly compensated executive officers (other than the chief financial officer). Section 162(m) provides that "qualified performance-based compensation" will not be subject to the tax deduction limit if certain requirements are met. The Compensation Committee believes it is important to maximize the corporate tax deduction, thereby minimizing our tax liabilities. Accordingly, the 2013 Frontier Bonus Plan, the 2013 Equity Incentive Plan, the 2009 Equity Incentive Plan and the amended 2000 Equity Incentive Plan, as designed by the Compensation Committee, are intended to make compensation awarded under these plans deductible under Section 162(m) as "qualified performance-based compensation."

While we believe preserving tax deductibility is an important objective, there can be no assurance that compensation arrangements will ultimately be tax deductible and the Compensation Committee reserves the flexibility to approve compensation arrangements that are not fully tax deductible, taking into account the primary objective of the specific program and the best interests of Frontier and our stockholders.

Compensation Committee Report

The Compensation Committee of our Board of Directors has submitted the following report for inclusion in this proxy statement:

Our Committee has reviewed and discussed the Compensation Discussion and Analysis contained in this proxy statement with management. Based on our Committee's review of and the discussions with management with respect to the Compensation Discussion and Analysis, our Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement and incorporated by reference into our Annual Report on Form 10-K.

The foregoing report is provided by the following directors, who constitute the Committee:

Submitted by:

Virginia P. Ruesterholz, Chair
Peter C.B. Bynoe
Larraine D. Segil
Myron A. Wick, III

Summary Compensation Table

The following table sets forth the compensation awarded to, earned by, or paid to our CEO, CFO, the three other most highly compensated executive officers at fiscal year-end, one additional employee who would have been an NEO had she been an executive officer at fiscal year-end, and our former CFO in 2016, 2015 and 2014.

Name and Principal Position	Year	Salary	Bonus[1]	Stock Awards[2]	Non-Equity Incentive Plan Compensation[3]	All Other Compensation[4]	Total
Daniel J. McCarthy President and CEO	2016	$981,251	—	$4,455,065	—	$ 10,800	$5,447,115
	2015	$862,500	—	$4,170,022	$1,165,500	$ 9,105	$6,207,127
	2014	$658,333	$ 250,000	$2,394,276	$ 667,575	$ 9,055	$3,979,239
R. Perley McBride Executive Vice President and CFO[5][6]	2016	$199,432	—	$ 253,553	—	$109,489	$ 562,474
Steve Gable Executive Vice President and CTO[6]	2016	$458,750	$1,000,000	$ 471,904	—	$ 9,884	1,940,538
Cecilia K. McKenney Executive Vice President and Chief Customer Officer	2016	$483,906	$ 459,600	$1,660,754	—	$ 9,805	$2,614,065
	2015	$445,833	—	$1,755,945	$ 457,800	$ 9,105	$2,668,683
	2014	$370,833	$ 175,000	$1,174,090	$ 370,875	$ 8,855	$2,099,653
John J. Lass Executive Vice President, Customer Operations[6]	2016	$436,156	$ 415,200	$ 629,257	—	$ 9,836	$1,490,449
Kathleen Q. Abernathy Senior Advisor and Former Executive Vice President, External Affairs[6]	2016	$415,000	$ 840,000	$1,020,479	—	$ 10,202	$2,285,681
	2015	$397,247	—	$1,089,142	$ 403,200	$ 9,000	$1,898,589
John M. Jureller Former Executive Vice President and CFO[5]	2016	$493,864	—	$2,200,973	—	$286,904	$2,981,741
	2015	$568,750	—	$2,605,451	$ 548,550	$ 9,105	$3,731,856
	2014	$531,250	$ 200,000	$1,714,896	$ 506,863	$ 8,855	$2,961,864

(1) Amounts in this column represent special non-recurring bonuses granted in connection with the closing of the AT&T Acquisition in October 2014 and the closing of the California, Texas and Florida Acquisition in April 2016.

(2) The stock awards referred to in this column consist of grants of restricted stock and grants of performance shares under the 2013 Equity Incentive Plan. The amounts shown in this column represent the grant date fair value, pursuant to Financial Accounting Standards Board ASC Topic 718, of the stock awards granted in the applicable year or, with respect to multi-year performance share awards where performance conditions are set at the beginning of each year, the fair value of the shares subject to the performance conditions for the applicable year. In the latter case, accounting standards provide that each annual establishment of performance conditions during a multi-year vesting period constitutes a separate "grant date." As a result, the grant date fair value of the performance share awards granted in 2016 is calculated using only the first tranche of the grant for the 2016-2018 Measurement Period; the second and third tranches of the 2016-2018 Measurement Period are not included because the performance conditions for those tranches had not been set in 2016. With respect to the grant for the 2015-2017 Measurement Period, the grant date fair value is calculated using the second tranche, as the grant date fair value for the first tranche was reported last year and the performance conditions for the third tranche were not set in 2016. With respect to the grant for the 2014-2016 Measurement Period, the grant date fair value is calculated using the third tranche, as the grant date fair values for the first two tranches were reported in prior years. Further, in calculating the grant date fair value of such performance shares in the table, the target number of shares was used. Frontier uses Monte Carlo simulations to value performance share awards. The value of such performance shares assuming that the highest level of operating cash flow and TSR performance will be achieved (using the methodology described above) would be as follows: McCarthy: $1,738,270; Gable: $257,643; McKenney: $595,317; Lass: $308,712; Abernathy: $363,873; and Jureller: $855,711. For a discussion of valuation assumptions, see Note 11 to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2016. For additional details regarding the stock awards, see the Grants of Plan-Based Awards table below and the accompanying narrative.

(3) The amounts shown in this column represent cash awards made under the Frontier Bonus Plan. Awards for each year are generally paid in March of the following year.

(4) The All Other Compensation column includes premiums for life insurance coverage paid for by Frontier and a 401(k) match. The SEC requires us to identify and quantify any individual item of compensation exceeding $10,000, except with respect to perquisites and other personal benefits, disclosure of which may be omitted for an NEO if they aggregate less than $10,000 in the fiscal year. Other than as set forth below, no perquisites or personal benefits are included in this column for 2016:

- Amounts shown for Mr. McBride include the payment of $75,000 for relocation assistance, which includes household goods transfer, closing costs and temporary housing, plus a tax gross up for taxes related to such services equal to $34,312, each as an inducement to accept employment with Frontier.
- Amounts shown for Ms. Abernathy consist of premiums for life insurance coverage paid for by Frontier and a 401(k) match.
- Amounts shown for Mr. Jureller consist of payments for life insurance coverage, a 401(k) match and $250,000 in severance and $27,000 in accrued vacation time paid in connection with his departure from Frontier in November 2016.

(5) Mr. McBride assumed the role of Executive Vice President and Chief Financial Officer on November 4, 2016, at which time Mr. Jureller ceased to be a Frontier employee. All references to “CFO” in the compensation tables and accompanying narrative refer to Mr. McBride.

(6) Information for Messrs. McBride, Gable and Lass is not provided for 2014 and 2015 because they were not NEOs for those years. Information for Ms. Abernathy is not provided for 2014 because she was not an NEO for that year.

Grants of Plan-Based Awards

The following table sets forth information with respect to awards granted to each of our NEOs during the 2016 fiscal year.

Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units (#)	Grant Date Fair Value of Stock Awards[1] ($)
		Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)		
Daniel J. McCarthy									
Cash bonus award	2/11/16	$910,000	$1,300,000	$2,028,000					
Performance share award (2016-2018)	2/11/16				73,950	140,857	228,892		$ 584,847
Performance share award (2015-2017)	2/11/16				29,825	56,809	92,315		$ 246,867
Performance share award (2014-2016)	2/11/16				27,896	53,135	86,344		$ 237,992
Restricted stock award	2/11/16							811,837	$3,385,360
R. Perley McBride[2]									
Cash bonus award	9/12/16	$455,000	$ 650,000	$1,014,000					
Restricted stock award	9/12/16							54,645	$ 253,553
Steve Gable									
Cash bonus award	2/11/16	$329,000	$ 470,000	$ 733,200					
Performance share award (2016-2018)	2/11/16				16,807	32,013	52,021		$ 132,920
Performance share award (2015-2017)	2/11/16				1,755	3,342	5,431		$ 14,523
Performance share award (2014-2016)	2/11/16				1,302	2,480	4,029		$ 11,106
Restricted stock award	2/11/16							75,145	$ 313,355
Cecilia McKenney									
Cash bonus award	2/11/16	$340,813	$ 487,000	$ 759,525					
Performance share award (2016-2018)	2/11/16				21,849	41,617	67,627		$ 172,795
Performance share award (2015-2017)	2/11/16				11,404	21,721	35,297		$ 94,390
Performance share award (2014-2016)	2/11/16				11,623	22,140	35,977		$ 99,164
Restricted stock award	2/11/16							310,409	$1,294,406
John J. Lass									
Cash bonus award	2/11/16	$308,000	$ 440,000	$ 686,400					
Performance share award (2016-2018)	2/11/16				16,807	32,013	52,021		$ 132,920
Performance share award (2015-2017)	2/11/16				3,289	6,266	10,182		$ 27,228
Performance share award (2014-2016)	2/11/16				3,496	6,660	10,822		$ 29,829
Restricted stock award	2/11/16							105,343	$ 439,280
Kathleen Q. Abernathy									
Cash bonus award	2/11/16	$294,000	$ 420,000	$ 655,200					
Performance share award (2016-2018)	2/11/16				13,445	25,610	41,617		$ 106,336
Performance share award (2015-2017)	2/11/16				7,018	13,367	21,721		$ 58,087
Performance share award (2014-2016)	2/11/16				6,974	13,284	21,587		$ 59,499
Restricted stock award	2/11/16							191,021	$ 796,558
John M. Jureller									
Cash bonus award	2/11/16	$409,500	$ 585,000	$ 912,600					
Performance share award (2016-2018)	2/11/16				31,597	60,184	97,800		$ 249,890
Performance share award (2015-2017)	2/11/16				16,491	31,412	51,045		$ 136,503
Performance share award (2014-2016)	2/11/16				18,597	35,423	57,563		$ 158,661
Restricted stock award	2/11/16							397,103	$1,655,920

(1) See footnote (2) to the Summary Compensation Table for a description of the methods used to determine the grant date fair value of stock awards.

(2) Mr. McBride assumed the role of Executive Vice President and Chief Financial Officer on November 4, 2016 and so did not receive plan-based awards during 2016.

Cash awards under the Frontier Bonus Plan for 2016 performance shown under the Estimated Possible Payouts Under Non-Equity Incentive Plan Awards columns would have been paid in March 2017 based on performance metrics set for 2016 and achievement of individual goals, as described above under "Compensation Discussion and Analysis—2016 Total Direct Compensation for NEOs—Cash Compensation—Annual Bonus." Target awards under the Frontier Bonus Plan are set as a percentage of base salary. Targets awards were set at 100% of 2016 base salary for each of the NEOs, other than Mr. McCarthy, whose target award was set at 130% of 2016 base salary. Payouts can be 0% of target for below-threshold performance, up to 70% of target for threshold performance, and up to 156% of target for outstanding performance. The Compensation Committee elected to exercise negative discretion and to not pay annual cash bonuses for 2016 to any Frontier employees, including the NEOs, as reported above in the Summary Compensation Table in the column entitled "Non-Equity Incentive Plan Compensation."

The awards shown under the Estimated Future Payouts Under Equity Incentive Plan Awards columns are performance shares deemed to have been granted in 2016 in accordance with Financial Accounting Standards Board ASC Topic 718 (i.e., the first tranche of the 2016-2018 Measurement Period, the second tranche of the 2015-2017 Measurement Period and the third tranche of the 2014-2016 Measurement Period). See footnote (2) to the Summary Compensation Table. The amounts shown represent the range of shares that may be issued at the end of the applicable Measurement Period for such grants assuming achievement of threshold, target or maximum performance. If our operating cash flow performance is, on average, below threshold for the three-year Measurement Period, no shares will be issued at the end of the period. Dividends on performance shares will be accrued and paid out at the end of the three-year Measurement Period only with respect to shares that are earned and issued. See the discussion of performance share awards under "Compensation Discussion and Analysis—2016 Total Direct Compensation for NEOs—Equity Compensation—Performance Share Awards."

The stock awards shown under the All Other Stock Awards column in the above table are grants of restricted stock. The grants represent annual restricted stock awards and vest in three equal annual installments commencing one year after the date of approval by the Compensation Committee, February 11, 2016. All such grants of restricted stock were made under our 2013 Equity Incentive Plan based on 2015 performance. Each of the NEOs is entitled to receive dividends on shares of restricted stock at the same rate and at the same time we pay dividends on shares of our common stock. The annual common stock dividend rate for 2016 was $0.42 per share, paid quarterly. No above-market or preferential dividends were paid with respect to any restricted shares. See the discussion of restricted stock awards under "Compensation Discussion and Analysis—2016 Total Direct Compensation for NEOs—Equity Compensation—Restricted Stock Awards."

Outstanding Equity Awards at Fiscal Year-End

The following table sets forth information regarding outstanding equity awards held by each of the NEOs at year-end.

Name	Stock Awards			
	Number of Shares of Stock or Units That Have Not Vested[1] (#)	Market Value of Shares of Stock or Units That Have Not Vested[2] ($)	Equity Incentive Plan Awards: Number of Unearned Shares That Have Not Vested[3] (#)	Equity Incentive Plan Awards: Market Value of Unearned Shares That Have Not Vested[2] ($)
Daniel J. McCarthy	1,160,189	$3,921,439	592,997	$2,004,330
R. Perley McBride	54,645	$ 184,700	—	—
Steve Gable	92,983	$ 314,283	106,065	$ 358,450
Cecilia K. McKenney	465,850	$1,574,573	190,013	$ 642,244
John J. Lass	145,029	$ 490,198	114,836	$ 388,146
Kathleen Q. Abernathy	287,992	$ 973,413	116,932	$ 395,230
John M. Jureller	—	—	—	—

(1) The amounts shown in this column represent shares of restricted stock held by the named executive officers as of December 31, 2016. The shares of restricted stock vest as follows:

- Mr. McCarthy: 123,539 restricted shares vest on February 18, 2017; 224,813 restricted shares vest in two equal annual installments commencing February 25, 2017; and 811,837 restricted shares vest in three equal annual installments commencing February 11, 2017.
- Mr. McBride: 54,645 restricted shares vest in three equal annual installments commencing November 4, 2017.
- Mr. Gable: 8,147 restricted shares vest on February 18, 2017; 9,691 restricted shares vest in two equal annual installments commencing February 25, 2017; and 75,145 restricted shares vest in three equal annual installments commencing February 11, 2017.
- Ms. McKenney: 61,769 restricted shares vest on February 18, 2017; 93,672 restricted shares vest in two equal annual installments commencing February 25, 2017; and 310,409 restricted shares vest in three equal annual installments commencing February 11, 2017.
- Mr. Lass: 17,004 restricted shares vest on February 18, 2017; 22,682 restricted shares vest in two equal annual installments commencing February 25, 2017; and 105,343 restricted shares vest in three equal annual installments commencing February 11, 2017.
- Ms. Abernathy: 40,768 restricted shares vest on February 18, 2017; 56,203 restricted shares vest in two equal annual installments commencing February 25, 2017; and 191,021 restricted shares vest in three equal annual installments commencing February 11, 2017. Unvested restricted stock and performance shares are forfeited on Ms. Abernathy's planned retirement in April 2017.

(2) The market value of shares of common stock reflected in the table is based upon the closing price of the common stock on December 30, 2016, which was $3.38 per share.

(3) The amounts shown in this column represent the number of performance shares that may be earned by the NEOs, as follows, in each case assuming achievement of target performance, in accordance with SEC regulations. Assuming they are earned, the performance shares would be paid out as follows:

- Mr. McCarthy: 170,427 shares on December 31, 2017 and 422,570 shares on December 31, 2018.
- Mr. Gable: 10,026 shares on December 31, 2017 and 96,039 shares on December 31, 2018.
- Ms. McKenney: 65,163 shares on December 31, 2017 and 124,850 shares on December 31, 2018.
- Mr. Lass: 18,797 shares on December 31, 2017 and 96,039 shares on December 31, 2018.
- Ms. Abernathy: 40,101 shares on December 31, 2017 and 76,831 shares on December 31, 2018. Unvested restricted stock and performance shares are forfeited on Ms. Abernathy's planned retirement in April 2017.

Option Exercises and Stock Vested

The following table sets forth information regarding the shares of restricted stock and performance shares that vested for each of the NEOs in 2016. No NEO acquired any shares upon the exercise of stock options in 2016. The value of restricted stock realized upon vesting is based on the closing price of the shares on the applicable vesting dates and the value of performance shares earned is based on the closing price of the shares on December 30, 2016, the last day of the three-year Measurement Period.

	Stock Awards	
Name	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)
Daniel J. McCarthy	507,415	$2,320,765
R. Perley McBride	—	—
Steve Gable	23,328	$ 96,353
Cecilia K. McKenney	238,687	$1,094,864
John J. Lass	80,000	$ 367,365
Kathleen Q. Abernathy	189,419	$ 816,098
John M. Jureller	211,416	$1,018,373

Pension Benefits

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit ($)	Payments During Last Fiscal Year ($)
Daniel J. McCarthy	Frontier Pension Plan	10	$185,631	—
R. Perley McBride	Frontier Pension Plan	5 years, 8 mo	$52,840	—
Steve Gable	—	—	—	—
Cecilia K. McKenney	—	—	—	—
John J. Lass	Frontier Pension Plan	21 years, 1 mo	$492,826	—
Kathleen Q. Abernathy	—	—	—	—
John M. Jureller	—	—	—	—

We have a noncontributory, qualified retirement plan, the Frontier Pension Plan, covering certain of our employees. The plan provides benefits that, in most cases, are based on formulas related to base salary and years of service. The plan was amended to provide that, effective February 1, 2003, no further benefits will be accrued under the plan by most non-union participants (including all executive officers), and is referred to as “frozen.” Messrs. McCarthy, McBride and Lass are the only NEOs with vested benefits under the plan. The estimated annual pension benefits (assumed to be paid in the normal form of an annuity) for Mr. McCarthy is $22,641, for Mr. McBride is $6,885 and for Mr. Lass is $45,438. This amount is calculated under the plan based on Mr. McCarthy’s 10 years of service, Mr. McBride’s five years, eight months of service and Mr. Lass’s 21 years, one month of service credit at the time the plan was frozen and the compensation limits established in accordance with federal tax law in the computation of retirement benefits under qualified plans. Benefits are not subject to reduction for Social Security payments or other offset amounts. For a discussion of valuation assumptions, see Note 17 to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2016.

As noted in this Proxy Statement, Mr. McBride was named Executive Vice President and Chief Financial Officer in November 2016, but he previously worked for Frontier before the Frontier Pension Plan was frozen.

Employment Arrangements; Potential Payments upon Termination or Change-in-Control

Employment Agreements and Arrangements

Frontier is party to an employment agreement with each of the NEOs, and each agreement has been publicly filed with the SEC. In accordance with best practices, the agreements do not provide for a set term of employment.

Each NEO receives a base salary and is entitled to participate in the Frontier Bonus Plan and the 2013 Equity Incentive Plan. In addition, each NEO is entitled to severance benefits under the Severance Plan.

The employment agreement for Mr. Jureller is discussed separately below.

Potential Payments upon Termination of Employment or Change-in-Control as of 12/31/2016

Under the terms of the Severance Plan, if the CEO's employment is terminated without "cause" or by the CEO with "good reason" (each as defined in the Severance Plan), we would be required to pay the CEO an amount equal to the non-change in control severance factor applicable to the CEO (as set forth below) multiplied by the sum of his or her base salary and target bonus. In addition, all of the CEO's restricted stock would vest, and all performance share awards granted to the CEO or any other performance incentive plan pursuant to a performance-based vesting schedule would be vested with respect to any service requirement, but the number of shares earned would be based on actual performance against the pre-established goals. In addition, in such circumstances, the CEO would be entitled to an amount equal to 18 times the monthly COBRA charge for the type of employer-provided health coverage in effect for the CEO.

With respect to other covered members of the Senior Leadership Team, which includes our NEOs other than our CEO, if the executive's employment is terminated without "cause" or by the NEO with "good reason," we would be required to pay the executive an amount equal to the non-change in control severance factor applicable to the executive (as set forth below) multiplied by his or her base salary. The executive would also be entitled to purchase from Frontier three months COBRA coverage at the active employee rate.

If the CEO's employment is terminated due to his or her death or in connection with a disability, the CEO or his or her estate would be entitled to payment of six months' base salary (paid in installments as salary continuation pursuant to our standard payroll practices) and a prorated portion of his or her target bonus for the year of termination (paid in lump sum). In addition, all restricted stock would vest, and performance shares would vest pro-rata, based on time served through the date of termination at the target level of shares granted. The CEO, or his or her spouse, in the event of the CEO's death, would also be entitled to an amount equal to 18 times the monthly COBRA charge for the type of employer-provided coverage in effect for the CEO.

In the event the CEO's employment is terminated without "cause" or by the CEO with "good reason" in connection with a "change in control" (as defined in the Severance Plan), the CEO would be entitled to the amounts he or she would receive in connection with a termination by us without cause or by him or her with good reason in a non-change in control context, except that (a) the change in control severance factor would apply as set forth below and (b) the number of earned performance shares would be based on actual performance as of the date of the change in control (if determinable), otherwise based on target performance, and these earned shares would vest at the time of the qualifying termination. In addition, if the successor following a change in control declines to assume Frontier's obligations with respect to the CEO's performance shares, the earned performance shares would vest upon the change in control, regardless of whether or not employment was terminated.

In the event another covered member of the Senior Leadership Team's (which includes all NEOs) employment is terminated without "cause" or by the executive with "good reason" (as defined in the Severance Plan) in connection with a change in control, the executive would be entitled to the amounts he or she would receive in connection with a termination by us without cause in a non-change in control context, except that (a) the change in control severance factor would apply as set forth below and the executive's target bonus would be included in the severance pay calculation, (b) the executive's restricted stock would vest in full and (c) performance shares would be earned based on actual performance as of the date of the change in control (if determinable), otherwise based on target performance, and these earned shares would vest at the time of the qualifying termination. In addition, if the successor following a change in control declines to assume Frontier's obligations with respect to the executive's performance shares, the earned performance shares would vest upon the change in control, regardless of whether or not employment was terminated.

To the extent an executive would be subject to any excise taxes under Section 280G of the Internal Revenue Code, the amounts he or she would be entitled to receive would be "capped" to avoid any excise tax unless the total payments to be received by him or her without regard to a cap would result in a higher after-tax benefit. The executive would be responsible for paying any required excise tax.

The severance factors are as follows:

Executive Level	Maximum Severance Factor in Non-Change in Control Situations	Severance Factor in Change in Control Situations
Chief Executive Officer	2.25	3.00
Chief Financial Officer and Chief Operating Officer (if any)	1.25	2.00
Other members of the Senior Leadership Team	1.00	1.50

The following tables set forth certain potential payments that would have been made to each NEO had his or her employment been terminated as of December 31, 2016 under various scenarios, including a change in control. The table for Messrs. McCarthy and Lass do not include their pension benefits, which are set forth under "Pension Benefits."

Each NEO would be required to enter into a separate agreement in which the NEO releases claims against Frontier in order to receive the payments under the Severance Plan.

Because payments to be made to an NEO depend on several factors, actual amounts to be paid out upon an NEO's termination of employment can only be determined at the time of separation from Frontier.

Payment Type	D. McCarthy	R. P. McBride	S. Gable	C. McKenney	J. Lass	K. Abernathy
Termination without Cause or Resignation for Good Reason (no CIC)						
Base Salary[1]	$ 2,250,000	$ 812,500	$ 470,000	$ 486,875	$ 439,875	$ 420,000
Bonus[1]	$ 2,812,500	—	—	—	—	—
Value of Accelerated Restricted Stock[2]	$ 3,921,439	—	—	—	—	—
Value of Accelerated Performance Shares[3]	$ 2,004,330	—	—	—	—	—
Other Benefits[4]	$ 31,495	$ 3,330	$ 3,105	$ 3,105	$ 2,304	—
Total	$11,019,764	$ 815,830	$ 473,105	$ 489,980	$ 442,179	$ 420,000
Death or Disability						
Base Salary	$ 500,000	—	—	—	—	—
Bonus	$ 1,250,000	—	—	—	—	—
Value of Accelerated Restricted Stock[2]	$ 3,921,439	—	—	—	—	—
Value of Accelerated Performance Shares[3]	$ 2,004,330	—	—	—	—	—
Other Benefits[4]	$ 31,495	—	—	—	—	—
Total	$ 7,707,264	—	—	—	—	—
Termination without Cause or Resignation for Good Reason (in connection with CIC)						
Base Salary[5]	$ 3,000,000	$1,300,000	$ 705,000	$ 730,313	$ 659,813	$ 630,000
Bonus[5]	$ 3,750,000	$1,300,000	$ 705,000	$ 730,313	$ 659,813	$ 630,000
Value of Accelerated Restricted Stock[2]	$ 3,921,439	$ 184,700	$ 314,283	$1,574,573	$ 490,198	$ 973,413
Value of Accelerated Performance Shares[6]	$ 860,124	$ 0	$ 130,796	$ 287,498	$ 150,560	$ 176,924
Other Benefits[4]	$ 31,495	$ 3,330	$ 3,105	$ 3,105	$ 2,304	—
Total	$11,563,058	$2,788,030	$1,858,183	$3,325,801	$1,962,687	$2,410,337

(1) For Mr. McCarthy, the amount shown is equal to 2.25 times his 2016 base salary and bonus opportunity. The portion of this amount related to the bonus opportunity would be paid in lump sum at the time bonus payments are made to other executives under the Frontier Bonus Plan. The remaining portion is payable to Mr. McCarthy in installments as salary continuation pursuant to our standard payroll practices. For Mr. McBride, the amount shown is equal to 1.25 times his 2016 base salary. For Messrs. Gable and Lass, Ms. McKenney and Ms. Abernathy, the amount shown is equal to 1.00 times his or her 2016 base salary. Amounts payable to each NEO (other than Mr. McCarthy) are payable in installments as salary continuation pursuant to our standard payroll practices.

(2) For Mr. McCarthy, all restricted stock vests upon termination without cause or by him with good reason, whether the termination is in connection with a change in control or not, and upon death or disability. For each other NEO, all restricted stock vests upon termination without cause or by such NEO with "good reason" (as defined) in connection with a change in control. Amounts shown represent the value of restricted stock held by each NEO on December 30, 2016 based on the closing price of $3.38 per share of our common stock on December 30, 2016.

(3) Dollar value of the 592,997 performance shares held by Mr. McCarthy on December 31, 2016 based on the closing price of $3.38 per share of our common stock on December 31, 2016. The number of performance shares used for this purpose is equal to the target level of shares granted. Does not include the value of performance shares that were earned (and issued) on December 31, 2016 upon completion of the 2014-2016 Measurement Period.

(4) Under the Severance Plan, Mr. McCarthy is entitled to an amount equal to 18 times the monthly COBRA charge for the type of employer-provided health coverage in effect for the CEO. This amount will be paid in lump sum within 60 days following termination. All other NEOs are entitled to purchase from Frontier up to three months COBRA coverage at the active employee rate.

(5) Amounts shown are payable in lump sum upon termination of the NEO without cause or by the NEO with good reason in connection with a change of control pursuant to the Severance Plan. For Mr. McCarthy, the amount is equal to 3.00 times his 2016 base salary and bonus opportunity. For Mr. McBride, the amount is equal to 2.00 times his 2016 base salary and bonus opportunity. For Messrs. Gable and Lass, Ms. McKenney and Ms. Abernathy, the amount is equal to 1.50 times his or her 2016 base salary and bonus opportunity.

(6) Amounts shown represent the dollar value of performance shares earned based on actual performance by each NEO as of December 31, 2016 based on the closing price of $3.38 per share of common stock on December 31, 2016. The number of earned performance shares used for this purpose is based upon the target level of shares granted. Does not include the value of performance shares that were earned and issued on December 31, 2016 upon completion of the 2014-2016 Measurement Period.

Mr. Jureller

Frontier and Mr. Jureller entered into a Separation Agreement and Release dated September 12, 2016, pursuant to which Mr. Jureller agreed to continue to serve in transitional capacities through November 4, 2016 (the Separation Date). As consideration for Mr. Jureller's compliance with the terms of the Separation Agreement, the Compensation Committee agreed to pay Mr. Jureller $1,500,000 (paid in two installments), and to pay COBRA premiums for 15 months. The compensation arrangements in place for Mr. Jureller prior to his departure in November 2016 were established in accordance with the general processes outlined above for our NEOs. Upon his departure, Mr. Jureller forfeited his outstanding cash and equity incentive awards.

The value of Mr. Jureller's severance benefits upon termination of employment on November 4, 2016 were as follows:

Severance Payment	Bonus	Benefits(1)	Total
$1,500,000	—	$47,848	$1,547,848

(1) The amount equal to 15 times the monthly COBRA charge for the type of employer-provided health coverage in effect for employees in the same group plus $27,000 in accrued vacation time.

Compensation Committee Interlocks and Insider Participation

The Compensation Committee currently consists of Ms. Ruesterholz, as Chair, Messrs. Bynoe and Wick, and Ms. Segil, who is not standing for re-election at the Annual Meeting. None of our executive officers served as: (i) a member of the compensation committee (or other committee performing equivalent functions or, in the absence of any such committee, the entire board of directors) of another entity, one of whose executive officers served on our Compensation Committee; (ii) a director of another entity, one of whose executive officers served on our Compensation Committee; or (iii) a member of the compensation committee (or other committee performing equivalent functions or, in the absence of any such committee, the entire board of directors) of another entity, one of whose executive officers served as one of our directors.

Compensation Policy Risk Analysis

Management annually reviews our compensation policies and practices applicable to all of our employees, including the NEOs, for the purpose of evaluating the risks to Frontier arising from such policies and practices. Each component of our compensation program is evaluated for any risks to Frontier associated with such compensation. Included in these evaluations is an analysis of the likelihood that such compensation components would influence behaviors or decision-making and impact our risk profile. For 2016, risk controls, both entity-level and compensation-related, were identified and evaluated. These controls included:

- Corporate governance and Enterprise Risk Management policies;
- Oversight of our compensation practices and policies by the Compensation Committee, including the ability to reduce incentive payouts based on factors such as earnings and individual performance;
- Frontier's compensation program design, including the mix of cash and equity compensation, short- and long-term incentive compensation, "fixed" and "variable" compensation and company-wide and individual goals and targets, the use of multiple performance metrics based on the Company Performance Goals, which include financial and other quantitative and qualitative measurements, the use of modest multipliers, and maximum payout limits (in terms of dollars and percentages of base salary);
- Performance goals that are set at levels that are sufficiently high to encourage strong performance and support the resulting compensation expense, but within reasonably attainable parameters to discourage pursuit of excessively risky business strategies; and
- Meaningful risk mitigators, including substantial stock ownership guidelines, claw-back provisions, anti-hedging/pledging policies, independent Compensation Committee oversight and engagement of an independent consultant that does no other work for Frontier or management.

In February 2017, management reviewed its findings with the Compensation Committee at a meeting at which the Compensation Committee and management engaged in an in-depth discussion of the findings. Based on its review of management's risk assessment of Frontier's compensation policies, practices and controls and the Compensation Committee's evaluation of management's assessment, the Compensation Committee determined that such policies and practices are not reasonably likely to have a material adverse effect on Frontier.

PROPOSAL 2: ADVISORY VOTE ON EXECUTIVE COMPENSATION

Frontier and its Board are committed to excellence in governance and recognize the interests that our stockholders have expressed in our executive compensation program. As part of our commitment, in 2009, the Board voluntarily adopted a Corporate Governance Guideline, commonly known as "Say-on-Pay," to annually provide stockholders with the opportunity to endorse or not endorse compensation paid to the NEOs through consideration of the following non-binding advisory resolution:

> **"Resolved, that the compensation paid to Frontier's named executive officers, as disclosed in this proxy statement pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, compensation tables and accompanying narrative discussion, is hereby approved."**

We believe that our executive compensation philosophy and programs reinforce our pay for performance culture and are strongly aligned with the long-term interests of our stockholders. The Compensation Committee, which oversees and approves the compensation philosophy and programs, engages in an extensive process to align executive pay, both short- and long-term, with Frontier's performance and the interests of our stockholders. The Compensation Discussion and Analysis section of this Proxy Statement provides a comprehensive review of our executive compensation philosophy and programs and the rationale for executive compensation decisions, and the accompanying tables and narrative provide details on the compensation paid to our NEOs. We urge you to read this disclosure prior to voting on this proposal.

Our existing Say-on-Pay policy is consistent with Section 14A of the Securities Exchange Act of 1934 adopted in July 2010 as part of the Dodd-Frank Wall Street Reform and Consumer Protection Act. Because your vote is advisory, it will not be binding upon the Board. However, the Compensation Committee will take into account the outcome of the vote when considering future executive compensation arrangements. Stockholders who wish to communicate with our Board or any specific director, including the Chairman, any non-management director, the non-management directors as a group, any independent director or the independent directors as a group, on executive compensation or any other matter of stockholder concern, can do so by writing to such director or group of directors at: Frontier Communications Corporation, 401 Merritt 7, Norwalk, Connecticut 06851. Any communication will be forwarded to the director or directors to whom it is addressed.

In accordance with the wishes of our stockholders and best practices, we will provide a say on pay vote annually and the next Say-on-Pay proposal will be included in our 2018 proxy statement.

The Board unanimously recommends that you vote FOR this proposal.

PROPOSAL 3: ADVISORY VOTE ON FREQUENCY OF EXECUTIVE COMPENSATION PROPOSAL

We are providing our stockholders with a separate advisory vote on the frequency of the advisory vote on executive compensation. By voting on this proposal, stockholders may indicate whether they would prefer an advisory vote on executive compensation every year, every two years, or every three years. Stockholders also have the option to abstain from voting on this matter.

It is important that our executive compensation policies and procedures are aligned with the best interests of our stockholders and our company. Consequently, the Board has determined that an annual advisory vote on executive compensation is the most appropriate alternative at this time given our existing compensation program, which focuses on annual performance goals. Consistent with this view, in 2009 the Board adopted an annual "Say-on-Pay" Corporate Governance Guideline to provide stockholders with the opportunity to endorse or not endorse Frontier's executive compensation policies and procedures through consideration of Proposal 2, above. We continue to believe that for 2017 an annual advisory vote on executive compensation best aligns with our existing compensation program, but we will periodically reconsider this determination should changes in our compensation program or other circumstances warrant a less frequent vote.

This proposal is required to be presented to stockholders at least once every six years pursuant to Section 14A of the Securities Exchange Act of 1934 adopted as part of the Dodd-Frank Wall Street Reform and Consumer Protection Act. The Board values the opinion of our stockholders and will take into account the outcome of the vote when considering the frequency of the advisory vote. Because your vote is advisory, it will not be binding upon the Board and the Board may decide it is in the best interests of our company and our stockholders to hold an advisory vote on executive compensation more or less frequently than the option approved by our stockholders.

The Board unanimously recommends a vote for presenting the advisory proposal on executive compensation EVERY YEAR.

PROPOSAL 4: APPROVAL OF 2017 EQUITY INCENTIVE PLAN

On March 2, 2017, upon the recommendation of the Compensation Committee, our Board approved the Frontier Communications Corporation 2017 Equity Incentive Plan (the "2017 Plan"), subject to approval of our stockholders at the Annual Meeting.

The 2017 Plan will replace our 2013 Equity Incentive Plan (the "2013 Plan"). The 2017 Plan is substantially similar to the 2013 Plan, except that we have added a number of new compensation governance provisions (described below) that reflect best practices. The 2013 Plan is the only Frontier compensation plan under which equity-based compensation may currently be awarded to our executives, directors and other employees. If the 2017 Plan is approved, no awards will be made under the 2013 Plan; however, awards currently outstanding under the 2013 Plan will continue to remain outstanding in accordance with their terms. If the 2017 Plan is approved by our stockholders, the 2017 Plan will become effective on May 10, 2017 (the "Effective Date"). If our stockholders do not approve the 2017 Plan, the 2013 Plan will remain in effect in its current form.

A description of the 2017 Plan is set forth below. This description is qualified in its entirety by reference to the full text of the 2017 Plan, a copy of which is included in this proxy statement as Annex A.

Executive Summary

Purpose of the 2017 Plan	As of December 31, 2016, the 2013 Plan had 7,324,000 shares available for future grants. If the 2017 Plan is not approved by our stockholders, we will not have sufficient shares to grant an appropriate level of equity awards in the next annual award cycle in 2018. The 2017 Plan will allow us to continue to utilize equity awards, including performance awards, to incentivize high levels of performance and productivity by individuals who provide services to Frontier and to further align the interests of our employees with those of Frontier and our stockholders. The use of our common stock as part of our compensation program fosters a pay-for-performance culture that is an important element of our overall compensation philosophy. Our equity compensation is also used to retain our officers and other employees and promote a focus on sustained enhancement through improved performance. We also are requesting stockholder approval of the material terms of the 2017 Plan, including performance measures and individual award limits, in order to allow awards granted under the 2017 Plan, which are intended to be "performance-based compensation" under Section 162(m) of the Internal Revenue Code ("Section 162(m)"), to be exempt from the tax deduction limits of Section 162(m) if they meet the other requirements of Section 162(m).	
Proposed Share Reserve	A total of 65,000,000 shares of common stock may be subject to awards granted under the 2017 Plan, less one share for every one share granted under the 2013 Plan after December 31, 2016.	
Effect of Reverse Stock Split	The proposed share reserve is subject to adjustment for certain events as more fully described below. Specifically, in the event that Frontier's stockholders approve the reverse stock split (see Proposal 5, beginning on page 67), the number of shares of common stock that may be subject to awards granted under the 2017 Plan will be adjusted proportionately. The following table illustrates the effects of the reverse stock split at certain exchange ratios within the 1-for-10 and 1-for-25 range:	
	No Reverse Stock Split	65,000,000
	Post 1-for-10 Reverse Split	6,500,000
	Post 1-for-25 Reverse Split	2,600,000

Impact on Dilution and Expected Duration	Our Board recognizes the impact of dilution on our stockholders and has evaluated this share request very carefully in the context of the need to motivate and retain our leadership team and ensure they are focused on our strategic and long-term growth priorities. Equity is an important component of a compensation program that aligns with our strategy of achieving long-term, sustainable growth. The total potential voting power dilution as a result of the proposed share reserve is 6.3%[1], which is below the median of our executive compensation peer group. Our Board believes that the increase in shares of common stock available for issuance represents a reasonable amount of potential equity dilution given our strategic and long-term growth priorities. Based on our historical share usage and our current stock price, we currently expect the proposed share reserve will enable us to make equity awards for the next 3 to 4 years.
The 2017 Plan incorporates certain compensation governance provisions that reflect best practices.	Governance Highlights of 2017 Plan: • No "liberal" change in control definition (new to 2017 Plan); • "Double-trigger" vesting for change in control benefits (new to 2017 Plan); • No excise tax gross-up on change in control benefits; • Non-employee director limits (new to 2017 Plan); • Clawback provisions; • No "liberal" share recycling of stock options or stock appreciation rights; • Minimum vesting period of one year from the date of grant for options and stock appreciation rights, subject to certain limited exceptions (new to 2017 Plan); • Minimum 100% fair market value exercise price for options and stock appreciation rights; • No repricing of options or stock appreciation rights and no cash buyout of underwater options and stock appreciation rights without stockholder approval; • No dividend equivalents on options or stock appreciation rights (new to 2017 Plan); and • No evergreen provision.
Expiration of 2017 Plan:	May 10, 2027, unless terminated earlier by the Board, but awards granted prior to such date may extend beyond that date.

(1) Total potential voting power dilution is calculated as (equity awards outstanding + shares available for grant + additional requested shares) / (common stock outstanding + equity awards outstanding + shares available for grant + additional requested shares).

The following table includes information regarding outstanding equity awards and shares available for future awards under the 2013 Plan as of December 31, 2016 (and without giving effect to approval of the 2017 Plan under this Proposal).

Stock Options Outstanding		40,000
Wtd. Avg. Ex Price of Stock Options Outstanding	$	8.81
Wtd. Avg. Remaining Term of Stock Options Outstanding (in years)		2.83
Full-Value Shares Outstanding (number includes 1,881,460 deferred stock units to non-Employee Directors)		13,096,711
Wtd. Avg. Basic Common Shares Outstanding		1,164,099,000

Burn Rate

The following table provides information regarding awards granted, and the average burn rate over the last three years under the 2013 Plan. The burn rate has been calculated as the quotient of (i) the sum of (x) all stock options/stock appreciation rights ("SARs") granted in such year, plus (y) time-based restricted share awards granted plus (z) the number of performance-based awards earned in such year, divided by (ii) the weighted average number of shares of common stock outstanding at the end of such year. The full-value restricted stock and performance share awards are calculated on an "options equivalent" basis using a multiplier of 2.0 options per share (based on the methodology used by Institutional Stockholder Services ("ISS") and Frontier's 3-year average volatility).

Fiscal Year	Stock Options Granted	Time-Vested RSAs Granted	Stock-Settled PSUs Earned	Wtd. Avg. CSO	ISS Burn Rate
2016	0	5,936,491	738,344	1,164,099,000	1.15%
2015	0	2,815,000	743,000	1,084,606,000	0.66%
2014	0	4,314,000	0	994,818,000	0.87%
FTR 3-Year Average Burn Rate		0.89%			

Frontier's three-year average annual burn rate was 0.89%, which is well below the ISS burn rate benchmark of 2.0% for our GICS code S&P 500 Telecommunications Services.

We believe our burn rate is reasonable in relation to our industry and reflects a prudent use of equity for compensation purposes while furthering our compensation philosophy of aligning stockholder and executive interests.

The 2017 Plan is not a qualified deferred compensation plan under Section 401(a) of the Code and is not intended to be an employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, as amended.

Overview of 2017 Plan Awards

The following types of awards or any combination of them may be granted under the 2017 Plan: restricted stock, restricted stock units, performance shares, performance units, non-qualified stock options ("NQSOs"), incentive stock options ("ISOs"), stock appreciation rights ("SARs") and other stock-based awards. Each award will be evidenced by an award agreement setting forth the applicable terms and conditions.

Plan Administration

The Compensation Committee (or such other committee as the Board may appoint) will administer the 2017 Plan. So long as our stock is traded on the Nasdaq Global Select Market, all of the members of the Compensation Committee must be "independent directors" as defined in the Nasdaq Listing Rules. If any member of the Compensation Committee does not qualify as (i) a "non-employee director" within the meaning of Rule 16b-3 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and (ii) an "outside director" within the meaning of Section 162(m), the Board will appoint a subcommittee of the Compensation Committee, consisting of at least two members of the Board, to grant awards to individuals who are subject to the limitations of Section 162(m) ("Covered Employees") and to officers and members of the Board who are subject to Section 16 of the Exchange Act ("Insiders"), and each member of such subcommittee must satisfy the requirements of (i) and (ii) above. References to the Compensation Committee in this summary include and, as appropriate, apply to any such subcommittee.

Subject to the express provisions of the 2017 Plan, the Compensation Committee is authorized to do all things that it determines to be necessary or appropriate in connection with the administration of the 2017 Plan. The Compensation Committee may delegate its authority to one or more of its members (but not less than two members with respect to Covered Employees and Insiders). To the extent permitted by law, the Compensation Committee may also delegate its authority to one or more persons who are not members of the board of directors, except that no such delegation will be permitted with respect to Covered Employees and Insiders.

Eligible Participants

The Compensation Committee may grant awards under the 2017 Plan to our employees as well as employees of our subsidiaries and other affiliates, non-employee members of the board of directors, and other natural persons (including consultants and advisors) who provide bona fide services to us or any of our subsidiaries or other affiliates not in

connection with the offer or sale of securities in a capital raising transaction and whose judgment, initiative and efforts, in the judgment of the Compensation Committee, foster our continued efficiency, productivity, growth and development or that of any of our subsidiaries or other affiliates. We granted annual awards to 280 employees and each of our non-employee directors in 2016 under the 2013 Plan.

Shares Subject to the Plan

Subject to certain adjustments set forth in the 2017 Plan, 65,000,000 shares of our common stock may be made subject to awards granted under the 2017 Plan (5.2% of total shares outstanding on a fully diluted basis as of December 31, 2016) and shall consist of authorized but unissued shares, shares held as treasury shares, or shares purchased in the open market or in private transactions. SARs, restricted stock units, performance shares, performance units and other awards that, by the terms of such awards, may not be settled in shares will not count against the number of shares available for issuance under the 2017 Plan. Any shares granted under the 2013 Plan between December 31, 2016 and the Effective Date of the Plan will count against the 2017 Plan share reserve.

Only shares awarded or subject to issuance pursuant to awards under the 2017 Plan that are reacquired or are not issued due to the forfeiture, cancellation or expiration of such awards without having been exercised or settled in shares, shares that were covered by an award under the 2017 Plan that was settled in cash instead of shares, and shares withheld by us to satisfy any tax withholding obligations with respect to full-value awards granted under the 2017 Plan, will again be available for issuance under the Plan. The following shares will not again be available for issuance: (1) shares tendered in payment of the option price, (2) shares withheld by us to satisfy any tax withholding obligation with respect to a stock option or SAR and (3) shares covered by an SAR, to the extent that it is exercised and settled in shares, and whether or not shares are actually issued to the participant upon exercise of the SAR.

If, after December 31, 2016, shares awarded or subject to issuance pursuant to awards under the 2013 Equity Incentive Plan, the 2009 Equity Incentive Plan, the 2000 Equity Incentive Plan, the Non-Employee Directors' Deferred Fee Equity Plan or the Non-Employee Directors' Equity Incentive Plan (together, the "Prior Plans") are reacquired by us or are not issued due to the forfeiture, cancellation or expiration of such awards without having been exercised or settled in shares, those shares will be available for issuance pursuant to awards under the 2017 Plan.

Restricted Stock and Restricted Stock Units. The Compensation Committee will specify the terms of a restricted stock or restricted stock unit award in the award agreement, including: the purchase price, if any, to be paid for such restricted stock/unit, which may be more than, equal to, or less than fair market value of a share and may be zero, subject to such minimum consideration as may be required by applicable law; any restrictions applicable to the restricted stock/unit such as continued service or achievement of performance objectives; the length of the restriction period and whether any circumstances, such as death, disability, or a change in control, will shorten or terminate the restriction period; and the rights of the participant during the restriction period to vote and receive dividends in the case of restricted stock or to receive dividend equivalents in the case of restricted stock units that accrue dividend equivalents; and whether restricted stock units will be settled in cash, shares or a combination of both. Any dividends or distributions payable on restricted stock units subject to performance objectives will be paid only to the extent the underlying shares are awarded. The restriction period with respect to a grant of restricted stock/units to a non-employee director may be of any duration. The Compensation Committee may provide in the restricted stock/unit agreement for lapse of the restriction period in monthly or longer installments over the course of the restriction period.

Performance Shares and Units. The Compensation Committee will set performance objectives in its discretion which, depending on the extent to which they are met, will determine the number or value of the performance shares or units that will be paid out to the participant. The Compensation Committee may also set non-performance terms for performance shares and units. The Compensation Committee may provide for payment of earned performance shares/units in cash or in shares or in the form of other awards granted under the 2017 Plan that have a fair market value equal to the value of the earned performance shares/units at the close of the applicable performance period.

Performance shares and units will not possess voting rights and will accrue dividend equivalents only to the extent provided in the agreement relating to the award; provided, however, that rights to dividend equivalents are permitted only to the extent they comply with, or are exempt from, Section 409A of the Code ("Section 409A"). Any rights to dividend

equivalents will be subject to the same restrictions on vesting and payment as the underlying award. With respect to Covered Employees, the Compensation Committee may apply any restrictions it deems appropriate to the payment of dividends declared with respect to performance shares/units such that the dividends or performance shares/units maintain eligibility for the performance-based compensation exception under Section 162(m).

Stock Options. The Compensation Committee may grant both NQSOs and ISOs under the 2017 Plan. ISOs may be granted only to employees of Frontier or its subsidiaries. The tax treatment of NQSOs is different from the tax treatment of ISOs, as explained in "Certain Federal Income Tax Consequences" below. The Compensation Committee will determine and specify in the award agreement whether the option is an NQSO or ISO, the number of shares subject to the option, the exercise price of the option and the period of time during which the option may be exercised (including the impact of a termination of employment). No option can be exercisable more than ten years after the date of grant and, subject to the following sentence, the exercise price of a stock option must be at least equal to the fair market value of a share on the date of grant of the option. With respect to an ISO granted to a participant who holds more than 10% of our total voting stock, the ISO cannot be exercisable more than five years after the date of grant and the exercise price must be at least equal to 110% of the fair market value of a share on the date of grant.

A participant may pay the exercise price under an option in cash or in such other consideration as the Compensation Committee deems appropriate. The Compensation Committee may also allow cashless exercises as permitted under the Federal Reserve Board's Regulation T, subject to applicable securities law restrictions, or by any other means that the Compensation Committee determines to be consistent with the 2017 Plan's purpose and applicable law. No certificate representing a share will be delivered until the full option price has been paid.

The 2017 Plan prohibits the Compensation Committee from repricing stock options without the approval of our stockholders. Stock options are not eligible for dividends or dividend-equivalent rights.

SARs. An SAR entitles the participant to receive cash, shares, a combination thereof, or such other consideration as the Compensation Committee may determine, in an amount equal to the excess of the fair market value of a share on the exercise date over the exercise price for the SAR, after certain conditions have been met. The Compensation Committee will determine and specify in the SAR award agreement the number of shares subject to the SAR, the SAR price (which must be at least equal to the fair market value of a share on the date of grant of the SAR) and the period of time during which the SAR may be exercised (including the impact of a termination of employment). No SAR can be exercisable more than ten years after the date of grant. SARs may be granted in tandem with a stock option or independently. If an SAR is granted in tandem with a stock option, the participant may exercise the stock option or the SAR, but not both.

The 2017 Plan prohibits the Compensation Committee from repricing SARs without the approval of our stockholders. SARs are not eligible for dividends or dividend-equivalent rights.

Other Awards. The Compensation Committee may grant other forms of equity-based or equity-related awards that the Compensation Committee determines to be consistent with the purpose of the 2017 Plan. These other awards may provide for cash payments based in whole or in part on the value or future value of shares, for the acquisition or future acquisition of shares, or any combination thereof. Where the value of such an award is based on the difference in the value of a share on different dates, the grant or exercise price must not be less than 100% of the fair market value of a share on the date of grant.

Performance Objectives

For awards under the 2017 Plan that are intended to qualify under the performance-based compensation exception of Section 162(m) ("Section 162(m) Awards"), the performance objective or objectives to be used for purposes of such awards must be chosen from among the following: earnings; consolidated pre-tax earnings; net earnings; earnings before or after deduction for all or any portion of interest, taxes, depreciation, and/or amortization; cash and cash equivalent balance; cash flow measures (including but not limited to operating cash flow; free cash flow; free cash flow per share; and cash flow return); earnings per share; economic value added; revenue; average revenue per customer; net income; operating income; profit; economic profit; capitalized economic profit; after-tax profit; pre-tax profit; operating profit; operating efficiency; operating expenses; operating margin; profit margin; gross margin; market value added; market share; return measures (including but not limited to total stockholder return; return on total capital; return on equity; return on common equity; return on assets; return on net assets; return on investment; and return on capital

employed); debt/capital ratio; cost; unit cost; cost control; attainment of budget goals; sales; sales volume; assets; inventory turnover ratio; productivity ratios; the Company's common stock price; expense targets or ratios; charge-off levels; customer satisfaction; working capital; debt; debt to equity ratio; capital expenditures; capital targets; consummation of acquisitions, dispositions, projects, strategic or operational initiatives, or other specific events or transactions; price/earnings growth ratio; and book value per share. Unless otherwise determined by the Committee, Performance Objectives that are financial metrics will be determined in accordance with United States Generally Accepted Accounting Principles ("GAAP") or may be adjusted to include or exclude any items otherwise includable or excludable under GAAP as the Committee may determine from time to time.

The performance objectives may be measured individually, alternatively or in any combination, and they may be established based on company-wide objectives or objectives related to a specific division, subsidiary, affiliate, department, region or function in which the employee is employed. For each Section 162(m) Award, the Compensation Committee must specify a written definition of each applicable performance objective as well as the period over which the performance objective will be measured.

The Compensation Committee may establish other performance objectives for awards that are not Section 162(m) Awards.

For Section 162(m) Awards, the Compensation Committee may also specify that the performance objectives, or the manner in which performance will be measured against the performance objectives, will be adjusted to reflect the impact of specified corporate transactions (such as a stock split or stock dividend), special charges, accounting or tax law changes, extraordinary items or other items that are determined by the Compensation Committee to be unusual or non-recurring, provided such awards would not be adversely affected under Section 162(m). Within 60 days following the end of the relevant performance measurement period, the Compensation Committee must determine and certify in writing whether the specified performance objectives for a Section 162(m) Award were satisfied. The Compensation Committee has the discretion to adjust downward the determinations of the degree of attainment of the pre-established performance objectives for a Section 162(m) Award; Section 162(m) Awards may not be adjusted upward.

Participant Limits

Subject to certain adjustments set forth in the 2017 Plan, the following limits will apply to awards of the specified type granted to any one Participant in any single calendar year:

- Awards denominated in or valued by reference to number of shares: 4,000,000 shares; and
- Performance units and other awards that are denominated in dollars and payable in cash: $2,000,000 for each calendar year during the applicable performance period (i.e., no more than $6,000,000 in respect of a three year performance period)

These limitations will not apply to the extent the Compensation Committee determines that an award to an individual who is a Covered Employee is not intended to comply with the performance-based compensation exception of Section 162(m) (and may be excluded from these limits without adversely affecting the application of the performance-based compensation exception with respect to awards that are intended to comply with it). These limitations will be applied to awards that provide for a range of payouts based on the maximum amount that could be paid under each such award.

Non-Employee Director Limits

The maximum number of shares of common stock subject to awards granted during a single fiscal year to any non-employee director, excluding the non-executive chair of the Board, taken together with any cash fees paid to such non-employee director during the fiscal year, shall not exceed $600,000 in total value (calculating the value of any such awards based on the grant date fair value of such awards for financial reporting purposes). The Compensation Committee may make exceptions to this limit for a non-executive chair of the Board or, in extraordinary circumstances, for other individual non-employee directors, as the Committee may determine in its discretion, provided that the non-employee director receiving such additional compensation may not participate in the decision to award such compensation.

Transferability

In general, awards granted under the 2017 Plan are non-transferable other than by will or by the laws of descent and distribution or pursuant to a domestic relations order. However, the Compensation Committee may permit an individual to transfer an award, but no award may be transferred by a participant for value. Additionally, if an award is payable upon the death of an individual, payment will be made to the beneficiary that was designated by the individual in a writing filed with the Compensation Committee.

Change in Control Provisions

The 2017 Plan generally provides the Compensation Committee with flexibility to determine the effects of a "change in control" (as defined in the 2017 Plan) on outstanding awards. Such provisions may include, but are not limited to the following actions or consequences: (i) the purchase or cancellation of such awards, for an amount of cash, if any, equal to the amount that could have been obtained upon the exercise or realization of such rights had such awards been currently exercisable or payable; (ii) adjustments as the Committee deems appropriate to reflect such transaction (including the acceleration of vesting); and/or (iii) causing the awards to be assumed, or new rights substituted therefore, by the successor corporation or organization in such change in control.

Amendment and Termination

The 2017 Plan will terminate on the earliest of (a) May 10, 2027, (b) the date on which all shares authorized and all shares otherwise available for issuance under the 2017 Plan have been issued pursuant to the exercise of NQSOs, ISOs and SARs granted under the 2017 Plan or settled in respect of other awards granted under the 2017 Plan, or (c) any earlier date as may be determined by our board of directors in its sole and absolute discretion. Our board of directors or the Compensation Committee may amend the 2017 Plan at any time. However, if an amendment (i) would materially increase the benefits accruing to participants, (ii) would materially increase the number of securities that may be issued under the 2017 Plan, (iii) would materially modify the requirements for participation in the 2017 Plan or (iv) must otherwise be approved by our stockholders in order to comply with applicable law or the rules of the Nasdaq Stock Market (or other national securities exchange on which the stock is traded or quoted), then the amendment will not be effective unless and until stockholder approval has been obtained. In addition, no amendment or termination of the 2017 Plan may adversely and materially affect the rights of any participant who was previously granted an award under the 2017 Plan without his or her consent, unless the amendment or termination is necessary or desirable for the continued validity of the 2017 Plan or its compliance with any applicable law, rule or regulation, or to avoid any adverse consequences under Sections 162(m) of the Code, Section 409A, or any requirement of an applicable securities exchange or association or regulatory or self-regulatory body (each a "Permitted Exception").

The Compensation Committee may amend an outstanding award agreement in a manner not inconsistent with the terms of the 2017 Plan, but the amendment will not be effective without the participant's written consent if the amendment does not come within a Permitted Exception and is adverse to the participant (as the Compensation Committee shall determine in good faith in its discretion). However, the Compensation Committee cannot reprice a stock option or SAR except in accordance with the adjustment provisions of the 2017 Plan (as described above) or to the extent our stockholders approve the repricing. For this purpose, a repricing is an amendment to the terms of an outstanding stock option or SAR that would reduce the option exercise price or SAR price or a cancellation, exchange, substitution, buyout or surrender of an outstanding stock option or SAR in exchange for cash, another award or stock option or SAR with an option exercise price or SAR price that is less than the option exercise price or SAR price of the original stock option or SAR or that would otherwise be considered a repricing as defined within U.S. generally accepted accounting practices or any applicable stock exchange rule.

Adjustments

In the event of any change in corporate capitalization such as a stock split, reverse stock split, or stock dividend, or a corporate transaction involving Frontier, such as any merger of a corporation into another corporation, any consolidation of two or more corporations into another corporation, any separation of a corporation (including a spin-off, split-off, spin-out, split-up or other distribution of stock or property by a corporation), or any reorganization of a corporation (whether or not such reorganization comes within the definition of such term in Section 368 of the Code), or Frontier's sale or other disposition of all or a material portion of its assets, or any other change in Frontier's corporate structure, or any distribution

to stockholders (other than an ordinary cash dividend) or any partial or complete liquidation by Frontier, or any other corporate transaction or event having an effect similar to any of the foregoing that results in the outstanding shares of stock (or any securities exchanged therefore or received in their place) being exchanged for a different number or class of shares or other securities of Frontier or for shares of stock or other securities of any other corporation, or new, different or additional shares or other securities of Frontier or of any other corporation being received by the holders of outstanding shares, the Compensation Committee shall make equitable adjustments, as it determines are necessary and appropriate, in:

- the number and class of stock or other securities available for issuance pursuant to awards under the 2017 Plan;
- the number and class of stock or other securities which are subject to any award;
- the limitations on the aggregate number of awards that may be granted in any one fiscal year to any one eligible individual;
- the option price under each outstanding stock option and the SAR price under each outstanding SAR; and
- the terms, conditions or restrictions of any award;

with the objective that the securities covered under the 2017 Plan or an award shall be those securities that a participant would have received if he or she had exercised his or her stock option or SAR prior to the event or been entitled at that time to his or her restricted stock or performance shares or number of shares covered by other awards. Moreover, in the event of any such transaction or event or in the event of a change in control, the Compensation Committee, in its discretion, may provide in substitution for any or all outstanding awards such alternative consideration (including cash), if any, as it, in good faith, may determine to be equitable in the circumstances and may require in connection therewith the surrender of all awards so replaced in a manner that complies with Section 409A. In addition, for each stock option or SAR with an option price or SAR price greater than the consideration offered in connection with any such termination or event or change in control, the Compensation Committee may in its sole discretion elect to cancel such stock option or SAR without any payment to the person holding such stock option or SAR.

Clawback

Notwithstanding anything to the contrary, any award that is subject to recovery under any law, government regulation or stock exchange listing requirement, will be subject to such deductions and clawback as may be required to be made pursuant to such law, government regulation or stock exchange listing requirement (or any clawback policy adopted by Frontier pursuant to any such law, government regulation or stock exchange listing requirement).

Withholding Taxes

The Compensation Committee may make, as a condition precedent to the payment of any award, or otherwise, appropriate arrangements with the participant or his or her beneficiary, for the withholding of any federal, state, local or foreign taxes. The Compensation Committee may in its discretion permit the payment of such withholding taxes by having Frontier withhold shares of stock to be issued, or the participant to deliver to Frontier shares of stock owned by the participant or beneficiary, having a fair market value equal to the amount of such taxes not paid by cash withholding, or otherwise permit a cashless exercise.

Certain Federal Income Tax Consequences

The following is intended only as a brief summary of the federal income tax rules relevant to the primary types of awards available for issuance under the 2017 Plan and is based on the Code as currently in effect. The applicable statutory provisions are highly technical and subject to change in the future (possibly with retroactive effect), as are their interpretations and applications. Because federal income tax consequences may vary as a result of individual circumstances, participants are encouraged to consult their personal tax advisors with respect to their tax consequences. The following summary is limited only to United States federal income tax treatment. It does not address state, local, gift, estate, social security, employment or foreign tax consequences, which may be substantially different.

Awards of Shares; Restricted Stock Awards

A participant generally will recognize taxable ordinary income upon the receipt of shares as a result of a stock award or restricted stock award if the shares are not subject to a substantial risk of forfeiture. The income recognized will be equal to the fair market value of the shares at the time of receipt less any purchase price paid for the shares. If the shares are subject to a substantial risk of forfeiture, the participant generally will recognize taxable ordinary income when the substantial risk of forfeiture lapses. If the substantial risk of forfeiture lapses in increments over several years, the participant will recognize income in each year in which the substantial risk of forfeiture lapses as to an increment. If the participant cannot sell the shares without being subject to suit under Section 16(b) of the Exchange Act (the short swing profits rule), the shares will be treated as being subject to a substantial risk of forfeiture until the short swing profits rule no longer applies with respect to such shares. The income recognized upon lapse of a substantial risk of forfeiture will be equal to the fair market value of the shares determined as of the time that the substantial risk of forfeiture lapses less any purchase price paid for the shares. Frontier generally will be entitled to a deduction in an amount equal to the amount of ordinary income recognized by the participant.

Alternatively, if the shares are subject to a substantial risk of forfeiture, the participant may make a timely election under Section 83(b) of the Code ("Section 83(b)") to recognize ordinary income for the taxable year in which the participant received the shares in an amount equal to the fair market value of the shares at that time. That income will be taxable at ordinary income tax rates. If a participant makes a timely Section 83(b) election, the participant will not recognize income at the time the substantial risk of forfeiture lapses with respect to the shares. At the time of disposition of the shares, a participant who has made a timely Section 83(b) election will recognize gain in an amount equal to the difference between the amount received on the disposition of the shares, and the amount taken into income as a result of the Section 83(b) election plus the purchase price, if any. The gain will be taxable at the applicable capital gains rate. If the participant forfeits the shares after making a Section 83(b) election, the participant is not entitled to a deduction with respect to the income recognized as a result of the election. To be timely, the Section 83(b) election must be made within 30 days after the participant receives the shares. Frontier will generally be entitled to a deduction in an amount equal to the amount of ordinary income recognized by the participant at the time of the election.

Restricted Stock Units

A participant generally is not taxed upon the grant of a restricted stock unit. Generally, if a restricted stock unit is designed to be paid on or shortly after the restricted stock unit is no longer subject to a substantial risk of forfeiture, then the participant will recognize ordinary income equal to the amount of cash and the fair market value of the shares received by the participant, and the company will be entitled to an income tax deduction for the same amount. However, if a restricted stock unit is not designed to be paid on or shortly after the restricted stock unit is no longer subject to a substantial risk of forfeiture, the restricted stock unit may be deemed a nonqualified deferred compensation plan under Section 409A. In that case, if the restricted stock unit is designed to meet the requirements of Section 409A, and actually meets those requirements, then the participant will recognize ordinary income equal to the amount of cash and the fair market value of the shares received by the participant, and the company will be entitled to an income tax deduction for the same amount. However, if the restricted stock unit does not meet the requirements of Section 409A, the participant will be subject to ordinary income tax when the substantial risk of forfeiture lapses as well as an additional twenty-percent (20%) excise tax plus penalty interest, and additional tax could be imposed each following year.

Performance Share/Unit Awards; Stock Appreciation Rights ("SARs")

A participant generally is not taxed upon the grant of a performance share/unit or SAR. The participant will recognize taxable income at the time of settlement of the performance share/unit or at the time of exercise of the SAR in an amount equal to the amount of cash and the fair market value of the shares received upon settlement or exercise. However, if the participant is subject to suit under Section 16(b) of the Exchange Act (the short swing profits rule), the participant will recognize taxable income in an amount equal to the amount of cash received at the time of receipt, plus the fair market value when the shares are no longer subject to the short swing profits rule, unless the participant makes a timely election under Section 83(b)) of the shares received upon such settlement or exercise. The income recognized will be taxable at ordinary income tax rates. The company generally will be entitled to a deduction in an amount equal to the amount of ordinary income recognized by the participant. Any gain or loss recognized upon the disposition of the shares acquired pursuant to settlement of a performance share/unit or exercise of an SAR will qualify as long-term capital gain or loss if the shares have been held for more than one year after settlement or exercise.

Nonqualified Stock Options ("NQSOs")

A participant generally is not taxed upon the grant of an NQSO. However, the participant must recognize ordinary income upon exercise of the NQSO in an amount equal to the difference between the NQSO exercise price and the fair market value of the shares acquired on the date of exercise. The company generally will have a deduction in an amount equal to the amount of ordinary income recognized by the participant in the company's tax year during which the participant recognizes ordinary income.

Upon the sale of shares acquired pursuant to the exercise of an NQSO, the participant will recognize capital gain or loss to the extent that the amount realized from the sale is greater than the fair market value of the shares on the date of exercise. This gain or loss will be long-term capital gain or loss if the shares have been held for more than one year after exercise.

Incentive Stock Options ("ISOs")

A participant is not taxed on the grant or exercise of an ISO. The difference between the exercise price and the fair market value of the shares covered by the ISO on the exercise date will, however, be a preference item for purposes of the alternative minimum tax. If a participant holds the shares acquired upon exercise of an ISO for at least two years following the ISO grant date and at least one year following ISO exercise, the participant's gain, if any, upon a subsequent disposition of the shares is long-term capital gain. The amount of the gain is the difference between the proceeds received on disposition and the participant's basis in the shares (which generally equals the ISO exercise price). If a participant disposes of shares acquired pursuant to exercise of an ISO before satisfying these holding periods, the participant may recognize both ordinary income and capital gain in the year of disposition. The company is not entitled to a federal income tax deduction on the grant or exercise of an ISO or on the participant's disposition of the shares after satisfying the holding period requirement described above. If the holding periods are not satisfied, the company will be entitled to a deduction in the year the participant disposes of the shares in an amount equal to the ordinary income recognized by the participant.

In order for an option to qualify as an ISO for federal income tax purposes, the grant of the option must satisfy various other conditions specified in the Code. In the event an option intended to be an ISO fails to qualify as an ISO, it will be taxed as an NQSO as described above.

Golden Parachute Payments

The terms of the agreement evidencing an award under the 2017 Plan may provide for accelerated vesting or accelerated payout of the award in connection with a change in ownership or control of the company. In such event, certain amounts with respect to the award may be characterized as "parachute payments" under the golden parachute provisions in Section 280G of the Code. Under Section 280G of the Code, no federal income tax deduction is allowed to the company for "excess parachute payments" made to "disqualified individuals," and receipt of such payments subjects the recipient to a 20% excise tax under Section 4999 of the Code. For this purpose, "disqualified individuals" are generally officers, stockholders or highly compensated individuals performing services for the company, and the term "excess parachute payments" includes payments in the nature of compensation that are contingent on a change in ownership or effective control of the company, to the extent that such payments (in present value) exceed three times the recipient's average annual taxable compensation from the company for the previous five years. Certain payments for reasonable compensation for services rendered after a change in control and payments from tax-qualified plans are generally not included in determining "excess parachute payments." If payments or accelerations occur with respect to awards granted under the 2017 Plan, certain amounts in connection with such awards may possibly constitute "parachute payments" and be subject to these "golden parachute" tax provisions, although the amount of such parachute payments may be cut back to avoid making excess parachute payments.

Registration with the SEC

We intend to file a Registration Statement on Form S-8 relating to the issuance of shares of our common stock under the 2017 Plan with the Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended, as soon as is practicable after approval of the 2017 Plan by our stockholders.

New Plan Benefits

Because awards to be approved in the future under the 2017 Plan are at the discretion of the Compensation Committee, it is not possible to determine the additional benefits or amounts to be received under the 2017 Plan in the future by our directors, officers or employees.

For 2017, we granted 3,816,904 shares of restricted stock and performance shares under the 2013 Plan to our named executive officers and 4,988,433 shares of restricted stock and performance share awards under the 2013 Plan to our employees other than named executive officers.

The Board unanimously recommends that you vote FOR this proposal.

PROPOSAL 5: APPROVAL OF REVERSE STOCK SPLIT AND REDUCTION OF AUTHORIZED NUMBER OF SHARES

We are asking stockholders to approve the Certificate of Amendment to Frontier's Restated Certificate of Incorporation to (i) effect a reverse stock split of the issued shares of Frontier common stock, par value $0.25 per share (Common Stock), at a reverse stock split ratio of not less than 1-for-10 and not more than 1-for-25, the exact reverse stock split ratio to be determined by the Board of Directors and publicly announced prior to the filing of the Certificate of Amendment to the Restated Certificate of Incorporation, and (ii) reduce the total number of shares of Common Stock that Frontier is authorized to issue from 1,750,000,000 to 175,000,000 shares.

If the proposal is adopted by the stockholders, the reverse stock split and the authorized share count reduction will be accomplished by the filing with the Secretary of State of the State of Delaware of the Certificate of Amendment to the Restated Certificate of Incorporation. The Certificate of Amendment that is filed will contain the reverse stock split ratio determined by the Board of Directors to be in the best interests of Frontier and its stockholders, which determination shall be made within 90 days after the date of the Annual Meeting.

Except for adjustments that may result from the treatment of fractional shares as described below, each stockholder will hold the same percentage of Common Stock outstanding immediately following the reverse stock split as that stockholder held immediately before the reverse stock split.

The form of the Certificate of Amendment to the Restated Certificate of Incorporation that will accomplish the reverse stock split and authorized share count reduction is attached to this Proxy Statement as Annex B. The following discussion is qualified in its entirety by the full text of the proposed Certificate of Amendment, which is hereby incorporated by reference.

Reasons for the Reverse Stock Split

In determining to seek authorization for the reverse stock split, the Board of Directors considered that implementation of the reverse stock split is likely to increase the trading price of our Common Stock from its pre-reverse split level. The Board of Directors believes that the increased trading price of our Common Stock expected as a result of the reverse stock split may improve marketability and liquidity of our Common Stock and further encourage interest and trading in our Common Stock.

For example, the Board of Directors believes that some institutional investors and investment funds may be reluctant to invest, and in some cases may be prohibited by their investing guidelines from investing in lower priced stocks, and that brokerage firms may be reluctant to recommend lower-priced stocks to their retail clients. The reverse stock split could increase our trading price to a level that would be viewed more favorably by potential investors. Further, brokerage commissions, as a percentage of the total transaction, tend to be higher for lower-priced stocks. As a result, certain investors may also be dissuaded from purchasing lower-priced stock. A higher stock price after the reverse stock split may reduce this concern.

Reasons for the Authorized Share Count Reduction

Although we are not required under Delaware law to change the authorized number of shares of Frontier Common Stock upon implementation of a reverse stock split, the Board of Directors has determined to recommend a reduction in the authorized number of shares. In making this decision, the Board of Directors considered the number of shares that would be available for issuance if we did not reduce our total authorized shares of Common Stock from the current limit, as compared to the number of shares that would be available following a reduction to 175,000,000 shares of Common Stock. The Board of Directors also considered the potential for future stock issuances to raise capital, satisfy obligations under Frontier's convertible securities, effect acquisitions and other transactions and provide equity incentives to employees.

The Board of Directors believes that the proposed reduction is appropriate as compared to the total amount currently permitted.

Board of Directors' Discretion to Implement Reverse Stock Split and Determine the Ratio

If the Certificate of Amendment is adopted by our stockholders, it will become effective, if at all, only upon a determination by the Board of Directors, within 90 days after the Annual Meeting, of the reverse stock split ratio to be used and that the actions contemplated by the Certificate of Amendment are in the best interests of Frontier and its stockholders. Notwithstanding approval by the stockholders, the Board of Directors may, in its sole discretion, abandon the proposed Certificate of Amendment and determine not to effect any reverse stock split and the authorized share count reduction. If the Board of Directors elects not to implement the reverse stock split approved by the stockholders, stockholder approval would again be required prior to implementing any subsequent reverse stock split.

The ratio of the reverse stock split, if approved and implemented, will be a ratio of not less than 1-for-10 and not more than 1-for-25, as determined by the Board of Directors in its sole discretion. In determining the reverse stock split ratio, the Board of Directors will consider numerous factors, including:

- the historical and projected performance of our Common Stock;
- prevailing market conditions;
- general economic and other related conditions prevailing in our industry and in the marketplace;
- our capitalization (including the number of shares of Common Stock and Preferred Stock issued and outstanding);
- the prevailing trading price for our Common Stock and the volume level thereof; and
- the potential devaluation of our market capitalization as a result of the reverse stock split.

Our purpose for requesting authorization to implement the reverse stock split at a ratio to be determined by the Board of Directors, as opposed to a ratio that is fixed in advance, is to give the Board of Directors the flexibility to take into account then-current market conditions and changes in the price of our Common Stock and to respond to any other developments that may be relevant when considering the appropriate ratio.

The Board of Directors will determine the exact reverse stock split ratio within the stated range prior to filing the Certificate of Amendment with the Secretary of State of the State of Delaware and such reverse stock split ratio will be publicly announced prior to such filing.

Certain Risks Associated with Reverse Stock Split

A reverse stock split could result in a significant devaluation of our market capitalization and the trading price of our Common Stock.

Although the Board of Directors expects that the reverse stock split will result in an increase in the trading price of Frontier's Common Stock, it cannot assure you that the reverse stock split, if implemented, will increase the trading price of the Common Stock in proportion to the reduction in the number of shares of the Common Stock outstanding or result in a permanent increase in the trading price. Accordingly, the total market capitalization of Frontier's Common Stock after the proposed reverse stock split may be lower than the total market capitalization before the proposed reverse stock split and, in the future, the trading price of the Common Stock following the reverse stock split may not exceed or remain higher than the trading price prior to the proposed reverse stock split.

The effect of the reverse stock split upon the trading price of our Common Stock cannot be predicted with any certainty, and the history of similar reverse stock splits is varied. The trading price of the Common Stock is dependent on many factors, including our business and financial performance, general market conditions, prospects for future success and other factors detailed from time to time in the reports we file with the SEC. If the reverse stock split is implemented and the trading price of our Common Stock declines, the decline as an absolute number and as a percentage of our overall market capitalization may be greater than would occur in the absence of the reverse stock split.

The reverse stock split will result in some stockholders owning "odd lots" that may be more difficult to sell or require greater transaction costs per share to sell.

The reverse stock split will result in some stockholders owning "odd lots" of less than 100 shares of our Common Stock on a post-split basis. These odd lots may be more difficult to sell, or require greater transaction costs per share to sell, than shares in "round lots" of even multiples of 100 shares.

The reverse stock split may not generate additional investor interest.

While the Board of Directors believes that a higher stock price may help generate additional investor interest, there can be no assurance that the reverse stock split will result in a per share price that will attract institutional investors, investment funds or retail investors or that such share price will satisfy the investing guidelines of institutional investors or investment funds. As a result, the trading liquidity of our Common Stock may not necessarily improve.

The reduced number of shares of Common Stock resulting from a reverse stock split could adversely affect the liquidity of our Common Stock.

Although the Board of Directors believes that the decrease in the number of shares of the Common Stock outstanding as a consequence of the reverse stock split and the anticipated increase in the trading price of our Common Stock could encourage interest in our Common Stock and possibly promote greater liquidity for our stockholders, such liquidity could also be adversely affected by the reduced number of shares outstanding after the reverse stock split.

Anticipated Effects of Reverse Stock Split

Effect on Authorized and Outstanding Shares of Common Stock.

Currently, we are authorized to issue up to a total of 1,750,000,000 shares of Common Stock. Upon effectiveness of the reverse stock split: (i) the authorized number of shares of Common Stock will be reduced to 175,000,000; (ii) the number of shares that are issued or outstanding will be reduced by the reverse stock ratio; and (iii) the number of shares that are not issued or outstanding will be reduced so that it will equal the difference between 175,000,000 shares and the number of shares that are issued or outstanding post reverse stock split. Accordingly, if the final reverse stock split ratio is greater than 1-for 10, the percentage reduction of shares described in clause (iii) above will be less than the percentage reduction of shares described in clause (ii). As of the date of this Proxy Statement, we do not have any current plans, agreements, understandings, etc. with respect to the authorized shares that will be available for issuance after the reverse stock split has been implemented. As of March 1, 2017, there were 1,170,990,241 shares of Common Stock outstanding. The following table illustrates the effects of the reverse stock split at certain exchange ratios within the 1-for-10 and 1-for-25 range on our outstanding shares of Common Stock as of March 1, 2017, without giving effect to any adjustments for fractional shares of Common Stock, and the conversion rate of our outstanding shares of 11.125% Mandatorily Convertible Preferred Stock, Series A (the "Series A Preferred Stock"):

	As of March 1, 2017 (Pre-Reverse Stock Split)	1-for-10	1-for-25
Common Stock	1,170,990,241	117,099,024	46,839,610
Series A Preferred Stock 19,250,000 outstanding on March 1, 2017	Conversion rate: 1:20 (20 shares of common stock for each 1 share of preferred stock) based on Frontier stock price of $2.92	Conversion rate: 1:2	Conversion rate: 1:0.8
	As-converted basis: 385,000,000 shares of Common Stock	As-converted basis: 38,500,000 shares of Common Stock	As-converted basis: 15,400,000 shares of Common Stock

Our Common Stock is currently registered under Section 12(b) of the Exchange Act, and Frontier is subject to the periodic reporting and other requirements of the Exchange Act. The proposed reverse stock split will not affect the registration of our Common Stock under the Exchange Act. If the proposed reverse stock split is implemented, we currently expect that the Common Stock will continue to be traded on the Nasdaq Global Market under the symbol "FTR," although it will be considered a new listing with a new CUSIP number.

Effect on Preferred Stock

Pursuant to our Restated Certificate of Incorporation, our capital stock consists of 50,000,000 shares of preferred stock, par value of $0.01 per share, and 1,750,000,000 shares of Common Stock. The proposed reverse stock split would not impact the total authorized number of shares of preferred stock or the par value of either the Common Stock or the preferred stock.

As of March 1, 2017, Frontier had 19,250,000 shares of Series A Preferred Stock outstanding. Under the terms of the Certificate of Designation governing the Series A Preferred Stock, the conversion rate will be adjusted on the Effective Date to reduce the number of shares of Common Stock into which each share of Series A Preferred Stock will be converted, using the reverse stock split ratio to make that adjustment.

Effect on Outstanding Stock Awards; Stock Plans.

The reverse stock split, when implemented, will affect outstanding restricted stock awards and options to purchase our Common Stock. The proposed reverse stock split will also reduce the number of shares of Common Stock issuable under our 2013 Equity Incentive Plan, if Proposal 4 is not adopted, or our 2017 Equity Incentive Plan, if Proposal 5 is adopted (the plan in effect following the Annual Meeting is referred to as our "Equity Incentive Plan"). The per share exercise price of all outstanding option awards will be increased proportionately, and the number of shares of Common Stock issuable upon the exercise of all outstanding option awards and the number of unvested shares of restricted stock will be reduced proportionately. These adjustments will result in approximately the same aggregate exercise price being required to be paid for all outstanding option awards upon exercise.

Effect on Existing Stockholders.

The number of shares of Common Stock held by each stockholder will be reduced as a result of the reverse stock split. For example, as a result of a 1-for-10 reverse stock split, a stockholder holding 1,000 shares of Common Stock before the reverse stock split would hold 100 shares of Common Stock immediately after the reverse stock split. No fractional shares will be issued and any stockholder that holds a fractional share interest will receive payment as described below under "Treatment of Fractional Shares."

Effect on the Company.

We expect our business and operations to continue as they currently are being conducted, and the reverse stock split is not anticipated to have any effect upon the conduct of such business. We expect to incur expenses of approximately $1,850,000 to effect the reverse stock split.

Accounting Consequences

The par value per share of our Common Stock will remain unchanged at $0.25 per share after the reverse stock split. As a result of the reduction in the number of issued shares of Common Stock, on the effective date of the reverse split, the stated capital on the Company's balance sheet attributable to our Common Stock will be reduced proportionately from its present amount, and the additional paid in capital account will be credited with the amount by which the stated capital is reduced. The per-share Common Stock net income or loss and net book value will be increased because there will be fewer shares of Common Stock outstanding. The Company does not anticipate that any other accounting consequences would arise as a result of the reverse stock split.

Treatment of Fractional Shares

No fractional shares of Common Stock will be issued in connection with the reverse stock split. At the effective time of the Certificate of Amendment (the "Effective Time"), the aggregate of all fractional shares otherwise issuable to the record holders of shares of Common Stock prior to the Effective Time, will be issued to our transfer agent, as agent, for the accounts of all record holders of such shares otherwise entitled to have fractional shares issued to them. The sale of all fractional interests will be effected by the transfer agent as soon as practicable after the Effective Time on the basis of prevailing market prices of the Common Stock at the time of sale. After such sale and upon the surrender of the certificates representing Common Stock outstanding immediately prior to the Effective Time, the transfer agent will pay to

such holders of record their pro rata share of the net proceeds derived from the sale of the fractional interests. No transaction costs will be assessed to stockholders for the sale or the cash payment. Stockholders will not be entitled to receive interest for the period of time between the Effective Date and the date payment is made for fractional shares.

After the reverse stock split, then current stockholders will have no further interest in Frontier with respect to fractional shares. Such stockholders will only be entitled to receive the cash payment described above. Such cash payments may reduce the number of post-split stockholders; however, this is not the purpose of the reverse stock split.

Stockholders should be aware that under the escheat laws of the relevant jurisdictions, cash payments not timely claimed after the Effective Time may be required to be paid to designated agents for the relevant jurisdictions, without interest.

Effect on Registered Certificated Shares

Some registered stockholders hold their shares of Common Stock in certificate form or a combination of certificate and book-entry form. If any of your shares of Common Stock are held in certificate form, you will receive a letter of transmittal from our transfer agent as soon as practicable after the Effective Time. The letter of transmittal will contain instructions on how to surrender your certificate(s) representing your pre-split shares to the transfer agent. Upon receipt of your properly completed and executed letter of transmittal and your stock certificate(s), you will be issued the appropriate number of shares either in certificate form or electronically in book-entry form under the new direct registration system. If you are entitled to a payment in lieu of any fractional share interest, payment will be made as described above under “Treatment of Fractional Shares.” No new stock certificates or payments in lieu of fractional shares will be issued to a stockholder until such stockholder has surrendered such stockholder’s outstanding certificate(s) to the transfer agent.

After the Effective Time, each certificate representing pre-reverse stock split shares of Common Stock will be deemed for all corporate purposes to evidence ownership of the post-reverse stock split number of shares of Common Stock.

STOCKHOLDERS SHOULD NOT DESTROY ANY PRE-SPLIT STOCK CERTIFICATE AND SHOULD NOT SUBMIT ANY CERTIFICATES UNTIL THEY ARE REQUESTED TO DO SO.

Effect on Registered Book-Entry Holders

Registered stockholders may hold some or all of their shares electronically in book-entry form under the direct registration system for securities. These stockholders will not have stock certificates evidencing their ownership of our Common Stock. They are, however, provided with a statement reflecting the number of shares registered in their accounts.

- If you hold shares in book-entry form, you do not need to take any action to receive your post-split shares or your cash payment in lieu of any fractional share interest, if applicable. If you are entitled to post-split shares, a transaction statement will automatically be sent to your address of record indicating the number of shares you hold.
- If you are entitled to a payment in lieu of any fractional share interest, a check will be mailed to you at your registered address as soon as practicable after our transfer agent completes the aggregation and sale described above in “Treatment of Fractional Shares.” By signing and cashing this check, you will warrant that you owned the shares for which you receive a cash payment.

U.S. Federal Income Tax Consequences

No gain or loss should be recognized by a U.S. Holder upon such holder’s receipt of post-reverse split shares of Common Stock in place of pre-reverse stock split shares pursuant to the reverse stock split, except with respect to cash, if any, received in lieu of fractional shares, as described below. The aggregate tax basis of the post-reverse stock split shares received in the reverse stock split will be the same as the holder’s aggregate tax basis in the pre-reverse stock split shares exchanged therefor (excluding any amount allocable to a fractional share for which cash is received). The holder’s holding period for the post-reverse stock split shares will include the period during which the stockholder held the pre-reverse stock split shares surrendered in the reverse stock split.

In general, the receipt of cash by a U.S. Holder in lieu of a fractional share of post-reverse stock split Common Stock— which, by definition, is less than the price of a single share of post-reverse stock split Common Stock— will result in a taxable gain or loss to such U.S. Holder for U.S. federal income tax purposes. The amount of the taxable gain or loss to the U.S. Holder will be determined based upon the difference between the amount of cash received by such U.S. Holder and the amount of pre-reverse stock split basis allocable to the fractional share. The gain or loss recognized will constitute capital gain or loss and will constitute long-term capital gain or loss if the U.S. Holder's holding period is greater than one year. There are limitations on the deductibility of capital losses under the Code.

The preceding is a general summary of certain U.S. federal income tax consequences of the reverse stock split to our stockholders. This summary does not purport to be a complete discussion of all of the possible U.S. federal income tax consequences of the reverse stock split and is included for general information only. Further, it does not address any state, local or foreign income or other tax consequences. Also, it does not address the tax consequences to stockholders that are subject to special tax rules, such as banks, insurance companies, regulated investment companies, personal holding companies, foreign entities, nonresident alien individuals, broker-dealers, tax-exempt entities, entities or arrangements treated as partnerships for U.S. federal income tax purposes, and stockholders owning large positions in our Common Stock. Other stockholders may also be subject to special tax rules, including, but not limited to, stockholders that received Common Stock as compensation for services or pursuant to the exercise of an employee stock option, or stockholders who have held, or will hold, stock as part of a straddle, hedging or conversion transaction for U.S. federal income tax purposes. This summary also assumes that you are a U.S. Holder (defined below) who has held, and will hold, shares of Common Stock as a "capital asset," as defined in the Internal Revenue Code of 1986, as amended (the "Code"), i.e., generally, property held for investment. Finally, the preceding discussion does not address the tax consequences of transactions occurring prior to or after the reverse stock split (whether or not such transactions are in connection with the reverse stock split), including, without limitation, the exercise of options or rights to purchase Common Stock in anticipation of the reverse stock split.

The tax treatment of a stockholder may vary depending upon the particular facts and circumstances of such stockholder. You should consult with your own tax advisor with respect to the tax consequences of the reverse stock split. As used herein, the term "U.S. Holder" means a stockholder that is, for U.S. federal income tax purposes: a citizen or resident of the United States; a corporation or other entity taxed as a corporation created or organized in or under the laws of the United States or any state, including the District of Columbia; an estate the income of which is subject to U.S. federal income tax regardless of its source; or a trust that (i) is subject to the primary supervision of a U.S. court and the control of one of more U.S. persons or (ii) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

The preceding discussion is based on the Code, applicable Treasury Regulations, judicial authority and administrative rulings and practice, all as of the date hereof. The Internal Revenue Service could adopt a contrary position. In addition, future legislative, judicial or administrative changes or interpretations could adversely affect the accuracy of the statements and conclusions set forth herein. Any such changes or interpretations could be applied retroactively and could affect the tax consequences described herein. No ruling from the Internal Revenue Service or opinion of counsel has been obtained in connection with the reverse stock split.

THE PRECEDING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE REVERSE STOCK SPLIT AND DOES NOT PURPORT TO BE A COMPLETE ANALYSIS OR DISCUSSION OF ALL POTENTIAL TAX EFFECTS RELEVANT THERETO. YOU SHOULD CONSULT YOUR OWN TAX ADVISORS AS TO THE PARTICULAR U.S. FEDERAL, STATE, LOCAL, FOREIGN AND OTHER TAX CONSEQUENCES OF THE REVERSE STOCK SPLIT IN LIGHT OF YOUR SPECIFIC CIRCUMSTANCES.

No Dissenters' Rights

The holders of shares of Common Stock will have no dissenters' rights of appraisal under Delaware law, the Restated Certificate of Incorporation or the Bylaws with respect to the proposed Certificate of Amendment to accomplish the reverse stock split and reduction in authorized shares.

Approval Required

The affirmative vote of a majority of the shares of Frontier Common Stock entitled to vote thereon, voting as a single class, are required to adopt the Certificate of Amendment.

The Board unanimously recommends that you vote FOR this proposal.

AUDIT COMMITTEE REPORT

The Audit Committee consists of four independent directors, each of whom has been determined by the Board to meet the heightened independence criteria applicable to Audit Committee members and to satisfy the financial literacy requirements of the Nasdaq Listing Rules and the applicable rules of the SEC. The Audit Committee is responsible, under its charter, for oversight of our independent registered public accounting firm, which reports directly to the Audit Committee. The Audit Committee has the authority to retain and terminate the independent registered public accounting firm, to review the scope and terms of the audit and to approve the fees to be charged. The Audit Committee monitors our system of internal control over financial reporting, and management's certifications as to disclosure controls and procedures and internal controls for financial reporting. Our management and independent registered public accounting firm, not the Audit Committee, are responsible for the planning and conduct of the audit of our consolidated financial statements and determining that the consolidated financial statements are complete and accurate and prepared in accordance with U.S. generally accepted accounting principles.

The Audit Committee has met and held discussions with management, our senior internal auditor and our independent registered public accounting firm (with and without management and our senior internal auditor present) and has reviewed and discussed the audited consolidated financial statements and related internal control over financial reporting with management and our independent registered public accounting firm.

The Audit Committee has also discussed with our independent registered public accounting firm the matters required to be discussed by Auditing Standard No. 16, Communications with Audit Committees.

Our independent registered public accounting firm also provided the Audit Committee with the written disclosures and the letter required by the applicable requirements of the Public Company Accounting Oversight Board regarding the independent registered public accounting firm's communications with the Audit Committee concerning independence, and the Audit Committee discussed with our independent registered public accounting firm that firm's independence.

Based upon the review and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements be included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016 for filing with the SEC. The Audit Committee selected KPMG LLP as our independent registered public accounting firm for the fiscal year ended December 31, 2017, which is being presented to stockholders at the meeting for ratification.

Submitted by:

Edward Fraioli, Chair
Leroy T. Barnes, Jr.
Diana S. Ferguson
Howard L. Schrott

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FEES

In accordance with the Sarbanes-Oxley Act of 2002, the rules of the SEC and the Audit Committee Charter, the pre-approval of the Audit Committee is required for all audit and permissible non-audit services that will be provided by KPMG LLP, our independent registered public accounting firm. Frontier paid no fees to KPMG in 2016 in connection with engagements that were not pre-approved by the Audit Committee.

The following table sets forth the fees for professional audit services paid by us to KPMG LLP, our independent registered public accounting firm:

	2016	2015
Audit Fees	$5,955,000	$4,610,000
Audit-Related Fees	80,000	570,000
Tax Fees	123,400	76,764
All Other Fees	—	589,933
Total	$6,158,400	$5,846,697

Audit Fees

Audit fees relate to professional services rendered in connection with the audit of our annual consolidated financial statements included in our Annual Report on Form 10-K and internal control over financial reporting, the review of our quarterly financial statements included in our Quarterly Reports on Form 10-Q, the audit of our captive insurance company and audit services provided in connection with other subsidiary audit reports. These fees were approved by the Audit Committee.

Audit-Related Fees

For 2015, audit-related fees primarily relate to professional services rendered in connection with Frontier's equity and debt offerings.

For 2016, audit-related fees primarily relate to professional services rendered in connection with the review of pro forma financials and a registration statement filed.

Tax Fees

Tax fees for 2016 and 2015 primarily relate to professional services rendered in connection with the preparation of transactional tax filings.

All Other Fees

For 2015, fees are for professional services rendered in connection with the California, Texas and Florida Acquisition.

PROPOSAL 6: RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The ratification of the selection of KPMG LLP as our independent registered public accounting firm for 2017 is being submitted to stockholders because we believe that this action follows sound corporate practice and is in the best interests of the stockholders. If the stockholders do not ratify the selection by the affirmative vote of the holders of a majority of the shares of common stock present or represented by proxy and entitled to vote at the meeting, the Audit Committee will reconsider the selection of the independent registered public accounting firm, but such a vote will not be binding on the Audit Committee. If the stockholders ratify the selection, the Audit Committee, in its discretion, may still direct the appointment of a new independent registered public accounting firm at any time during the year if the Audit Committee believes that this change would be in our and our stockholders' best interests.

The Board recommends that the stockholders ratify the selection of KPMG LLP, registered public accounting firm, as the independent registered public accounting firm to audit our accounts and those of our subsidiaries for 2017. KPMG has served as our independent registered public accounting firm since 1936 and the Audit Committee believes that the continued retention of KPMG as our independent registered public accounting firm is in the best interests of Frontier and our stockholders. The Audit Committee approved the selection of KPMG LLP as our independent registered public accounting firm for 2017.

A representative of KPMG is expected to participate at the Annual Meeting and will have the opportunity to make a statement and be available to respond to appropriate questions.

The Board unanimously recommends that you vote FOR this proposal.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table provides information as of December 31, 2016 regarding compensation plans (including individual compensation arrangements, but not including qualified employee benefit plans and plans available to stockholders on a pro rata basis) under which our equity securities are authorized for issuance.

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights[1]	(b) Weighted-average exercise price of outstanding options, warrants and rights[1]	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))[1]
Equity compensation plans approved by security holders	4,780,531	$3.49	7,324,000
Equity compensation plans not approved by security holders	—	—	—
Total	4,780,531	$3.49	7,324,000

(1) Columns (a) and (c) reflect the number of performance shares that may be issued at the end of the 2014-2016, 2015-2017 and 2016-2018 Measurement Periods assuming achievement of target performance. The weighted-average exercise price shown in column (b) does not take these performance shares into account.

ANNUAL REPORT AND COMPANY INFORMATION

A copy of our 2016 Annual Report to Stockholders is being furnished to stockholders concurrently herewith. Stockholders may request another free copy of our 2016 Annual Report from:

Frontier Communications Corporation
Attn: Investor Relations Department
401 Merritt 7
Norwalk, Connecticut 06851
Telephone: (866) 491-5249
e-mail: *ir@ftr.com*

PROPOSALS BY STOCKHOLDERS

Proposals that stockholders wish to include in our proxy statement and form of proxy for presentation at our 2018 annual stockholders meeting must be received by us no later than November 28, 2017. Such proposals also must comply with SEC regulations under Rule 14a-8 of the Securities Exchange Act of 1934, as amended, regarding the inclusion of stockholder proposals in company-sponsored proxy materials. Proposals should be addressed to:

Secretary
Frontier Communications Corporation
401 Merritt 7
Norwalk, Connecticut 06851
Fax: (203) 614-4651

For a stockholder proposal that is not intended to be included in our 2018 proxy statement under Rule 14a-8, our bylaws require that the stockholder's written proposal be submitted to our Secretary at the address above:

- On or after the close of business on January 10, 2018; and
- On or before the close of business on February 9, 2018.

In such a case, the notice of proposal must meet certain requirements set forth in our bylaws. Such proposals are not required to be included in our proxy materials.

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Annex A

Frontier Communications Corporation 2017 Equity Incentive Plan

Section 1
Purpose

The purpose of the Plan is to provide compensation incentives for high levels of performance and productivity by individuals who provide services to the Company. This Plan is intended to strengthen the Company's existing operations and its ability to attract and retain outstanding individuals upon whose judgment, initiative and efforts the continued success, growth and development of the Company is dependent, as well as encourage such individuals to have a greater personal financial investment in the Company through ownership of its common stock. The Plan is also designed to align the interests of those employees participating in the incentive compensation and the interests of the Company's stockholders by awarding compensation based on performance.

Section 2
Definitions

When used herein, the following terms have the following meanings:

(a) "AFFILIATE" means any company controlled by the Company, controlling the Company or under common control with the Company.

(b) "AWARD" means an award granted to any Eligible Individual in accordance with the provisions of the Plan.

(c) "AWARD POOL" means the aggregate number of shares of Stock that are reserved for issuance pursuant to Awards under this Plan pursuant to Section 3(a).

(d) "AWARD AGREEMENT" means the written agreement or certificate evidencing the terms of the Award granted to an Eligible Individual under this Plan. An Award Agreement may be in an electronic medium, may be limited to notation on the books and records of the Company and, unless the Committee determines otherwise, need not be signed by a representative of the Company or an Eligible Individual.

(e) "BENEFICIARY" means, with respect to an Eligible Individual, the beneficiary or beneficiaries that the Eligible Individual designates pursuant to Section 10 to receive the amount, if any, payable under this Plan upon the Eligible Individual's death.

(f) "BOARD" means the Board of Directors of the Company.

(g) A "CHANGE IN CONTROL" shall mean the occurrence of any of the following events with respect to the Company:

i. any Person (as defined in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof) is or becomes the beneficial owner (as that term is used in Section 13(d) of the Exchange Act), directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its Affiliates) representing 30% or more of the combined voting power of the Company's then outstanding securities other than in connection with a transaction, described in clause (ii) below, that would not result in the occurrence of a Change in Control;

ii. consummation of any (1) consolidation or merger, other than a consolidation or merger of the Company which would result in all or substantially all of the individuals and entities who were beneficial owners of the voting securities of the Company outstanding prior to such merger or consolidation continuing to beneficially own, directly or indirectly, voting securities, either by such securities remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof, representing more than 50% of the combined voting power of the securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation in substantially the same proportions as their ownership of the voting securities of the Company outstanding prior to such merger or consolidation, or (2) sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all the assets or businesses of the Company;

iii. during any 24 month period, individuals who, as of the beginning of such period, constitute the Board (the "Incumbent Directors") cease for any reason to constitute at least a majority of the Board, provided that any person becoming a director subsequent to the beginning of such period whose election, appointment or nomination for election was approved by a vote of at least a majority of the Incumbent Directors then on the Board (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without written objection to such nomination) shall be an Incumbent Director; provided, however, that no individual initially elected, appointed or nominated as a director of the Company as a result of an actual or threatened election contest with respect to directors or as a result of any other actual or threatened solicitation of proxies by or on behalf of any person other than the Board shall be deemed to be an Incumbent Director; or

iv. the stockholders of the Company approve a plan of complete liquidation or dissolution of the Company.

Notwithstanding anything in this Plan or any Award Agreement to the contrary, to the extent any provision of this Plan or an Award Agreement would cause a payment of deferred compensation that is subject to Section 409A to be made upon or as a result of the occurrence of a Change in Control, then such payment shall not be made unless such Change in Control also constitutes a "change in ownership", "change in effective control" or "change in ownership of a substantial portion of the Company's assets" within the meaning of Section 409A. Any payment that would have been made except for the application of the preceding sentence shall be made in accordance with the payment schedule that would have applied in the absence of a Change in Control.

(h) "CODE" means the Internal Revenue Code of 1986, as now in effect or as hereafter amended. All citations to Sections of the Code are to such Sections as they are currently designated and reference to such Sections shall include the provisions thereof as they may from time to time be amended or renumbered as well as any successor provisions and any applicable regulations.

(i) "COMMITTEE" means the Compensation Committee of the Board or such other committee consisting of two or more members as the Board may appoint from time to time to administer this Plan.

(j) "COMPANY" means Frontier Communications Corporation and its successors and assigns.

(k) "COVERED EMPLOYEE" means any Participating Company employee whom the Committee determines is or could be subject to the deductibility limitation imposed by Section 162(m) of the Code.

(l) "DATE OF GRANT" means the date on which the Committee specifies that a grant of Options, SARs, Restricted Stock, Performance Shares, Performance Units or any other Award will become effective (which date shall not be earlier than the date on which the Committee takes action with respect thereto).

(m) "EFFECTIVE DATE" means the date the stockholders approves this Plan.

(n) "ELIGIBLE INDIVIDUAL" means a non-employee director, officer, or employee of any Participating Company or any other natural person, including a consultant or advisor, who performs bona fide services for a Participating Company not in connection with the offer or sale of securities in a capital-raising transaction whose judgment, initiative and efforts, in the judgment of the Committee, foster the continued efficiency, productivity, growth and development of any Participating Company. Where required by the context, "Eligible Individual" includes an individual who has been granted an Award but is no longer performing services for any Participating Company.

(o) "EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended, and any rules and regulations promulgated thereunder. Reference to any Section of the Exchange Act or any Rule promulgated thereunder shall include any successor Section or Rule.

(p) "FAIR MARKET VALUE" means, unless the Committee specifies another reasonable method for determining fair market value, the closing sales price of a share of Stock as reported by the NASDAQ Stock Market (or if such shares are listed on another national stock exchange or national quotation system, as reported or quoted by such exchange or system) on the date in question or, if no such sales were reported for such date, for the most recent prior date on which sales prices were quoted. Notwithstanding the foregoing, (i) in the case of an Option or SAR, Fair Market Value shall be determined in accordance with a definition of fair market value that permits the Option or SAR to be exempt from Section 409A; and (ii) in the case of an Option that is intended to qualify as an Incentive Stock Option under Section 422 of the Code or an Award that is intended to qualify for the Performance-Based Exception, the Committee shall determine Fair Market Value in accordance with the requirements of Section 422 of the Code or Section 162(m) of the Code, as applicable.

(q) "FAMILY MEMBER" AND "FAMILY TRUST" shall have the same meanings that the SEC shall employ from time to time for the purpose of the exception to the SEC rules that limit transferability of stock options and stock awards for purposes of Section 16 of the Exchange Act and/or the use of Form S-8 under the Securities Act. For the purposes of this Plan, the phrases "Family Member" and "Family Trust" shall be further limited, if necessary, so that neither the transfer to a Family Member or Family Trust nor the ability of a Participant to make such a transfer shall have adverse consequences to the Company or a Participant by reason of Section 162(m) of the Code or otherwise.

(r) "INCENTIVE STOCK OPTION" means an Option that the Committee designates as intended to qualify as an "incentive stock option" under Section 422 of the Code or any successor provision.

(s) "OPTION" means an option to purchase shares of Stock, including Restricted Stock, if the Committee so determines, subject to the applicable provisions of Section 5 and awarded in accordance with the terms of this Plan.

(t) "OPTION PRICE" means the purchase price per share of Stock payable on exercise of an Option.

(u) "OTHER AWARD" means any form of equity-based or equity-related award, other than an Option, SAR, Restricted Stock, Restricted Stock Unit, Performance Stock, or Performance Unit, that is granted pursuant to Section 8.

(v) "PARTICIPATING COMPANY" means the Company or any subsidiary or other Affiliate of the Company; provided, however, for Incentive Stock Options only, "Participating Company" means the Company, any corporation or other entity which at the time such Incentive Stock Option is granted qualifies as a subsidiary of the Company under the definition of "subsidiary corporation" contained in Section 424(f) of the Code; and further provided that, except for Options that are specifically designated as intended to be subject to Section 409A, "Participating Company" means the Company and any other entity in a chain of entities in which the Company or another such entity has a controlling interest (within the meaning of Treasury Regulation § 1.409A-1(b)(5)(iii)(E)) in each entity in the chain.

(w) "PARTICIPANT" means an Eligible Individual to whom the Committee has granted or is granting an Award. When required by the context, the definition of Participant shall include an individual who has been granted an Award but is no longer an employee of any Participating Company.

(x) "PERFORMANCE-BASED EXCEPTION" means the performance-based compensation exception to the deductibility limitation of Section 162(m) of the Code.

(y) "PERFORMANCE PERIOD" means a period of time over which performance is measured in connection with an Award.

(z) "PERFORMANCE OBJECTIVES" means one or more specified performance goals that the Committee uses in determining (i) whether to make, vest or pay an Award to an Eligible Individual, or (ii) the amount, size or other terms of any such Award.

(aa) "PERFORMANCE SHARE" means an Award under Section 6 that is valued by reference to a share of Stock, which value may be paid to the Participant by delivery of such property as the Committee shall determine, including without limitation, cash or Stock, or any combination thereof, upon achievement of such Performance Objectives during the relevant Performance Period as the Committee shall establish at the time of such Award or thereafter, but not later than the time permitted by Section 162(m) of the Code in the case of a Qualified Performance-Based Award.

(bb) "PERFORMANCE UNIT" means an Award under Section 6 for which the Committee sets a dollar value or a valuation formula, which value may be paid to the Participant by delivery of such property as the Committee shall determine, including without limitation, cash or Stock, or any combination thereof, upon achievement of such Performance Objectives during the relevant Performance Period as the Committee shall establish at the time of such Award or thereafter, but not later than the time permitted by Section 162(m) of the Code in the case of a Qualified Performance-Based Award.

(cc) "PLAN" means this Frontier Communications Corporation 2017 Equity Incentive Plan, as the same may be amended from time to time.

(dd) "PRIOR PLANS" means the Frontier Communications Corporation 2000 Equity Incentive Plan, 2009 Equity Incentive Plan, 2013 Equity Incentive Plan, Non-Employee Directors' Deferred Fee Equity Plan and Non-Employee Directors' Equity Incentive Plan, each as may be amended from time to time (each, a "Prior Plan").

(ee) "QUALIFIED PERFORMANCE-BASED AWARD" means an Award (or a specified portion of an Award) to a Participant that the Committee intends to satisfy the requirements of the Performance-Based Exception.

(ff) "RESTRICTED STOCK" means an Award of shares of Stock under Section 7, which shares are issued with such restrictions as the Committee, in its sole discretion, may impose, including without limitation, any restriction on the right to retain such shares, to sell, transfer, pledge or assign such shares, to vote such shares, and/or to receive any dividends with respect to such shares, which restrictions may lapse separately or in combination at such time or times, in installments or otherwise, as the Committee may deem appropriate.

(gg) "RESTRICTED STOCK UNIT" means an Award under Section 7 that is valued by reference to a share of Stock, which value may be paid to the Participant by delivery of such property as the Committee shall determine, including without limitation, cash or Stock, or any combination thereof, and that has such restrictions as the Committee, in its sole discretion, may impose, including without limitation, any restriction on the right to retain such Awards, to sell, transfer, pledge or assign such Awards, and/or to receive any dividend equivalents with respect to such Awards, which restrictions may lapse separately or in combination at such time or times, in installments or otherwise, as the Committee may deem appropriate.

(hh) "RESTRICTION PERIOD" means the period when Restricted Stock or Restricted Stock Units are subject to one or more restrictions that will lapse based on the passage of time, the achievement of performance goals, or the occurrence of another event or events, as the Committee determines and specifies in the applicable Award Agreement.

(ii) "RULE 16b-3" shall mean Rule 16b-3 promulgated by the SEC under the Exchange Act and, unless the circumstances require otherwise, shall include any other rule or regulation adopted under Section 16(a) or 16(b) of the Exchange Act relating to compliance with, or an exemption from, Section 16(b) of the Exchange Act.

(jj) "SAR" means a right granted under Section 5 that confers on the holder thereof a right to receive in cash or Stock, at the Committee's sole discretion, upon exercise thereof, the excess of (i) the Fair Market Value of one share of Stock on the date of exercise over (ii) the SAR Price of the right.

(kk) "SAR PRICE" means the base exercise price for an SAR that the Committee specifies and sets forth in the related Award Agreement.

(ll) "SEC" means the Securities and Exchange Commission.

(mm) "SECTION 409A" means Section 409A of the Code and the regulations and any other formal guidance promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service.

(nn) "SECURITIES ACT" means the Securities Act of 1933, as amended, and any rules and regulations promulgated thereunder. Reference to any Section of the Securities Act or any Rule promulgated thereunder shall include any successor Section or Rule.

(oo) "STOCK" means the Common Stock of the Company.

(pp) "SUBSTITUTE AWARD" has the meaning in Section 3(e).

(qq) "TERMINATION WITHOUT CAUSE" means termination of a Participant's employment with a Participating Company (i) that the Participating Company initiates for any reason other than the Participant's death, Total Disability or deliberate, willful or gross misconduct, (ii) that the Participant initiates for any reason, or (iii) on such other grounds as the Committee may have specified with respect to an Award in the Award Agreement or otherwise.

(rr) "TOTAL DISABILITY" means, with respect to an Incentive Stock Option, a disability as determined under Section 22(e)(3) of the Code, and with respect to any other Award, a determination that a Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of at least twelve (12) months, as the Committee shall determine upon the basis of such evidence as the Committee deems appropriate or necessary. A determination that the Eligible Individual is eligible for full long-term disability payments under any long-term disability plan of the Company, as may be in effect from time to time, shall be conclusive evidence of Total Disability. Notwithstanding the foregoing, to the extent any provision of this Plan or any Award Agreement under this Plan would cause a payment of deferred compensation that is subject to Section 409A to be made upon the occurrence of a Participant's Total Disability, then there shall not be a Total Disability that triggers payment until the date (if any) that the Participant is disabled within the meaning of Section 409A(a)(2)(C). Any payment that would have been made except for the application of the preceding sentence shall be made in accordance with the time of payment schedule that would have applied in the absence of a Total Disability.

Section 3
Shares Subject to this Plan

(a) Subject to adjustment as provided in Section 13 hereof, the Award Pool shall consist of 65,000,000 shares of Stock that are hereby reserved for issuance pursuant to Awards granted under this Plan, less one share for every one share granted under any Prior Plan after December 31, 2016. Notwithstanding the foregoing, SARs, Restricted Stock Units, Performance Shares, Performance Units and Other Awards that, by the terms of such Awards, are payable solely in cash shall not be subject to such limit. Shares of Stock reserved for issuance under this Plan shall be made available either from authorized and unissued shares, shares that the Company holds in its treasury, or shares that the Company purchases in the open market or in private transactions.

(b) In any calendar year, (1) no non-employee director may be granted Awards under this Plan such that the total compensation paid to such non-employee director (which, for purposes of clarity, shall include the annual retainer or stipend fees that are paid in cash) during such calendar year exceeds $600,000 (calculating the value of any such Awards that are Stock-based based on the grant date fair value of such Awards for financial reporting purposes) and (2) no Eligible Individual may receive Awards covering more than 2,000,000 shares of Stock if the Award is denominated in or valued by reference to a number of shares of Stock or Stock-based units. Such number of shares of Stock or Stock-based units shall be adjusted in accordance with Section 13 hereof. In addition, with respect to Performance Units and Other Awards that are denominated in dollars and payable in cash, no Eligible Individual may receive Awards in excess of $2,000,000 in respect of each calendar year during the applicable Performance Period (*i.e.,* no more than $6,000,000 in respect of a three-year Performance Period). The limitations set forth in this Section 3(b) shall not apply to the extent the Committee determines that an Award shall not comply with the Performance-Based Exception (and may be excluded from these limits without adversely affecting the application of the Performance-Based Exception provisions with respect to Awards that are intended to comply with it). The limitations set forth in this Section 3(b) shall be applied to Awards that provide for a range of payouts based on the maximum amount that could be paid under each such Award. With respect to the limitation set forth in Section 3(b)(1), the Committee may make exceptions to this limit for a non-executive chair of the Board or, in extraordinary circumstances, for other individual non-employee directors, as the Committee may determine in its discretion, provided that the non-employee director receiving such additional compensation may not participate in the decision to award such compensation.

(c) Upon approval of this Plan by the stockholders of the Company, no further grants may be made under any Prior Plan. However, if, for any reason after December 31, 2016, any shares of Stock awarded or subject to issuance pursuant to an award outstanding under any Prior Plan are not issued, or are reacquired by the Company from the Participant or the Participant's transferee, for reasons including, but not limited to, forfeiture, termination, expiration, cancellation or the settlement of an award in cash in lieu of shares of Stock or the satisfaction of a tax withholding obligation by the Company withholding shares of Stock that otherwise would have been issued in settlement of such award (other than any tender of shares or withholding to cover the exercise price or tax obligation in connection with the exercise of options or stock appreciation rights under a Prior Plan), such shares of Stock shall be available for issuance pursuant to Awards under this Plan.

(d) If, for any reason, any shares of Stock awarded or subject to issuance pursuant to Awards outstanding under this Plan are not issued, or are reacquired by the Company from the Participant or the Participant's transferee, for reasons including, but not limited to, a forfeiture of Restricted Stock or a Restricted Stock Unit or the termination, expiration or cancellation of an Option, SAR, Performance Share or Performance Unit or the settlement of an Award in cash in lieu of shares of Stock or the satisfaction of a tax withholding obligation with respect to Restricted Stock, a Restricted Stock Unit, a Performance Share or a Performance Unit by the Company withholding shares of Stock that otherwise would have been issued in settlement of such Award, such shares of Stock shall again be available for issuance pursuant to an Award under this Plan and shall be added back to the Award Pool. Notwithstanding anything to the contrary contained herein: (A) if shares of Stock are tendered or otherwise used in payment of an Option Price, the total number of shares of Stock covered by the Option being exercised shall be deducted from the Award Pool; (B) shares of Stock withheld by the Company to satisfy the tax withholding obligation with respect to an Option or SAR shall be deducted from the Award Pool; and (C) the number of shares of Stock covered by an SAR, to the extent that it is exercised and settled in shares of Stock, and whether or not shares of Stock are actually issued to the Participant upon exercise of the SAR, shall be deducted from the Award Pool.

(e) Notwithstanding anything to the contrary contained herein: (i) shares issued under Awards granted in assumption, substitution or exchange for previously granted awards of a company acquired by the Company ("Substitute Awards") do not reduce the shares available under the Award Pool in Section 3(a) and will not be subject to the individual award limits under Section 3(b); and (ii) available shares under a pre-existing stockholder approved plan of an acquired company that was not adopted in contemplation of such acquisition (as appropriately adjusted to reflect the transaction) may be used for Awards under the Plan and will not reduce the shares available under Award Pool in Section 3(a) and will not be subject to the individual award limits under Section 3(b) (subject to stock exchange listing requirements), provided that Awards using such available shares shall not be made after the date awards or grants could have been made under the terms of the pre-existing plan, absent the acquisition, and shall only be made to individuals who were employees or directors of such acquired company before such acquisition or combination.

Section 4
Grant of Awards and Award Agreements

(a) Subject to and in furtherance of the provisions of this Plan, the Committee shall (i) determine and designate from time to time those Eligible Individuals or groups of Eligible Individuals to whom Awards are to be granted; (ii) grant Awards to Eligible Individuals; (iii) determine the form or forms of Award to be granted to any Eligible Individual; (iv) determine the amount or number of shares of Stock, including Restricted Stock if the Committee so determines, subject to each Award; (v) determine the terms and conditions (which need not be identical) of each Award including any restrictions or limitations on the Award, any schedule for vesting, lapse of forfeiture restrictions or restrictions on the exercisability of an Award, and accelerations or waivers thereof, and any provisions related to clawback or recoupment with respect to an Award; (vi) determine the rights of each Participant after employment has terminated and the periods during which such rights may be exercised; (vii) establish and modify, consistent with the requirements under Section 162(m) of the Code, Performance Objectives; (viii) determine whether and to what extent Eligible Individuals shall be allowed or required to defer receipt of any Awards or other amounts payable under this Plan to the occurrence of a specified date or event; (ix) determine the price at which shares of Stock may be offered under each Award which price may, except in the case of Options or SARs, be zero; (x) permit cashless exercise of Options and other Awards; (xi) interpret, construe and administer this Plan and any related Award Agreement and define the terms employed therein; and (xii) make all of the determinations necessary or advisable with respect to this Plan or any Award granted thereunder. Awards granted to different Eligible Individuals or Participants need not be identical and, in addition, may be modified in different respects by the Committee.

(b) Each Award granted under this Plan shall be evidenced by a written or electronic Award Agreement, in a form that the Committee approves. Such Award Agreement shall be subject to and incorporate the express terms and conditions, if any, required under this Plan or by the Committee for the form of Award granted and such other terms and conditions as the Committee may specify. Except to the extent waived by the Committee, an Eligible Participant must accept an Award in such manner and during such period of time as the Committee shall specify. An Eligible Participant shall not have any rights with respect to an Award unless and until the Eligible Participant has so accepted the Award and has otherwise complied with the applicable terms and conditions of the applicable Award Agreement.

(c) Notwithstanding anything in this Section 4 to the contrary, except for Options and SARs that the Committee specifically designates as intended to be subject to Section 409A, Options and SARs may be granted only to individuals who provide direct services on the Date of Grant of the relevant Option or SAR to the Company or another entity in a chain of entities in which the Company or another such entity has a controlling interest within the meaning of Treasury Regulation § 1.409A-1(b)(5)(iii)(E) in each entity in the chain.

(d) The Committee may, in its discretion, include Performance Objectives in any Award.

(i) Performance Objectives may vary from Participant to Participant and between groups of Participants and shall be based upon such factors as the Committee may deem appropriate.

(ii) If the Committee intends to assign an opportunity to receive a Qualified Performance-Based Award to a Participant, the Committee shall designate the Award opportunity as a Qualified Performance-Based Award in writing at the time the Committee establishes the Award opportunity.

(iii) If the Committee assigns a Participant an opportunity to receive a Qualified Performance-Based Award, the Committee shall establish a Performance Objective with respect to the Qualified Performance-Based Award and the maximum dollar amount of compensation payable under the Qualified Performance-Based Award for attainment of the Performance Objective. The Committee may also establish lower dollar amounts of compensation payable for lower levels of achievement with respect to the Performance Objective and may also establish one or more threshold levels of achievement with respect to the Performance Objective in order for any compensation to be paid pursuant to the Qualified Performance-Based Award. If none of the threshold levels of achievement with respect to the Performance Objective established to ensure compliance with Section 162(m) of the Code are attained, no compensation may be paid pursuant to the Qualified Performance-Based Award. The Committee shall establish in writing the Performance Objective intended to ensure compliance with Section 162(m) of the Code within the first 90 days of the Performance Period and at a time when the outcome of the Performance Objective is substantially uncertain. Notwithstanding the 90-day deadline specified in the prior sentence, in the event that a Performance Period (or a Participant's service during a Performance Period) is expected to be less than 12 months, the Committee shall establish in writing the Performance Objective intended to ensure compliance with Section 162(m) of the Code on or before the date when 25% of the Performance Period (or the Participant's service during the Performance Period), as each is scheduled in good faith at the time the goal is established, has elapsed. In addition to specifying the Performance Objective that is intended to ensure compliance with Section 162(m) of the Code, the Committee may specify a Performance Objective, or such other conditions and criteria as it chooses, to guide the exercise of its discretion to reduce, but not increase, the amount of the Award that otherwise would be payable in connection with the attainment of the Performance Objective and thereby determine the final amount payable to the Participant under the Qualified Performance-Based Award.

(iv) In the case of a Qualified Performance-Based Award, the Performance Objective that is intended to permit the Award to satisfy the Performance-Based Exception shall be stated as levels of, or growth or changes in, or other objective specification of performance with respect to one or more of the following performance criteria: earnings; consolidated pre-tax earnings; net earnings; earnings before or after deduction for all or any portion of interest, taxes, depreciation, and/or amortization; cash and cash equivalent balance; cash flow measures (including but not limited to operating cash flow; free cash flow; free cash flow per share; and cash flow return); earnings per share; economic value added; revenue; average revenue per customer; net income; operating income; profit; economic profit; capitalized economic profit; after-tax profit; pre-tax profit; operating profit; operating efficiency; operating expenses; operating margin; profit margin; gross margin; market value added; market share; return measures (including but not limited to total stockholder return; return on total capital; return on equity; return on common equity; return on assets; return on net assets; return on investment; and return on capital employed); debt/capital ratio; cost; unit cost; cost control; attainment of budget goals; sales; sales volume; assets; inventory turnover ratio; productivity ratios; the Company's common stock price; expense targets or ratios; charge-off levels; customer satisfaction; working capital; debt; debt to equity ratio; capital expenditures; capital targets; consummation of acquisitions, dispositions, projects, strategic or operational initiatives, or other specific events or transactions; price/earnings growth ratio; and book value per share. Unless otherwise determined by the Committee, Performance Objectives that are financial metrics will be determined in accordance with United States Generally Accepted Accounting Principles ("GAAP") or may be adjusted to include or exclude any items otherwise includable or excludable under GAAP as the Committee may determine from time to time. To the extent such exclusions or adjustments affect Awards intended to qualify as Qualified Performance-Based Awards, they shall be prescribed in a form and within the period of time that meets the requirements of Section 162(m).

(v) In the case of an Award other than a Qualified Performance-Based Award, the Committee may establish a Performance Objective that is based on categories of performance that are different than those set forth in Section 3(d)(iv).

(vi) If the Committee makes the opportunity to receive an Award subject to a particular Performance Objective, the Committee shall adopt or confirm a written definition of that Performance Objective at the time the Performance Objective is established, provided that the Committee retains the discretion to forgo such written definition in connection with an Award other than a Qualified Performance-Based Award. The Performance Objective for an Award may be described in terms of Company-wide objectives or objectives that are related to a specific division, subsidiary, Employer, department, region, or function in which the Participant is employed or as some combination of these (as alternatives or otherwise). A Performance Objective may be measured on an absolute basis or relative to a pre-established target, results for a previous year, the performance of other corporations, or a stock market or other index. If the Committee specifies more than one individual performance goal in defining a Performance Objective, the Committee shall also specify, in writing, whether one, all or some other number of such goals must be attained in order for the Performance Objective to be met.

(vii) For each Award that has been made subject to a Performance Objective, within 60 days following the end of each Performance Period, the Committee shall determine whether the Performance Objective for such Performance Period has been satisfied. With respect to the Performance Objective related to a Qualified Performance-Based Award, no Award may be granted, settled or paid out, as applicable under the Performance Objectives for such Award, until the Committee has made a final written certification that the Performance Objective established to ensure compliance with Section 162(m) of the Code has been satisfied. This may be accomplished through approved minutes of the Committee meeting (or by some other form of written certification). If a Performance Objective applicable to the opportunity to receive an Award other than a Qualified Performance-Based Award for a Performance Period is not achieved, the Committee in its sole discretion may grant all or a portion of that Award based on such criteria as the Committee deems appropriate, including without limitation individual performance or the performance of the specific division, subsidiary, Employer, department, region, or function employing the Participant. The Committee shall also have the discretion to adjust downward the determinations of the degree of attainment of any Performance Objective; Awards may not be adjusted upward.

(viii) In determining whether any Performance Objective has been satisfied, the Committee may exclude or otherwise equitably adjust for any or all specified circumstance or event that occurs during a Performance Period, including but not limited to: (i) charges, costs, gains or income associated with reorganizations or restructurings of the Company, discontinued operations, asset write-downs or impairment charges, litigation or the resolution of litigation, acquisitions or divestitures and related expenses, or currency or commodity fluctuations, (ii) the effects of changes in applicable laws, regulations or accounting principles, or (iii) any other unusual or infrequently occurring or non-recurring items or any other extraordinary, unusual, special or designated items, events or circumstances as the Committee may in its discretion determine. In addition, the Committee may adjust any Performance Objective for a year as it deems equitable to recognize unusual or non-recurring events affecting the Company, changes in tax laws or regulations or accounting procedures, mergers and acquisitions and any other factors as the Committee may determine (including adjustments that would result in the Company's payment of non-deductible compensation under an Award). In the case of Qualified Performance-Based Awards, such exclusions and adjustments will apply only to the extent the Committee specifies in writing (not later than the time Performance Objectives are required to be established) which exclusions and adjustments the Committee will apply to determine whether a Performance Objective has been satisfied, as well as an objective manner for applying them, or to the extent that the Committee determines (if such determination is memorialized in writing) that they may apply without adversely affecting the Award's status as a Qualified Performance-Based Award. In the event of any stock dividend, stock split, combination of shares, recapitalization or other change in the capital structure of the Company, any merger, consolidation, spin-off, reorganization, partial or complete liquidation or other distribution of assets (other than a normal cash dividend), issuance of rights or warrants to purchase securities or any other corporate transaction having an effect similar to any of the foregoing, the Committee shall make or provide for such adjustments in such Performance Objective or other terms of the Award as the Committee in its sole discretion may in good faith determine to be equitably required in order to prevent dilution or enlargement of the rights of Participants.

(ix) If applicable tax and/or securities laws permit Committee discretion to alter the governing Performance Objectives without obtaining stockholder approval of such changes, the Committee shall have sole discretion to make such changes without obtaining stockholder approval. In addition, in the event that the Committee determines that it is advisable to grant Awards that shall not qualify for the Performance-Based Exception, the Committee may make such grants without satisfying the requirements of Section 162(m) of the Code.

Section 5
Stock Options and SARs

(a) The Committee may grant Incentive Stock Options, nonqualified stock options, SARs or a combination of Incentive Stock Options, nonqualified stock options and SARs. The Committee shall (i) determine the number of shares of Stock subject to each Option or the number of shares of Stock that shall be used to determine the value of an SAR; (ii) determine whether such Stock shall be Restricted Stock; (iii) determine the time or times when and the manner in which each Option and SAR shall be exercisable and the duration of the exercise period; (iv) determine whether or not all or part of each Option may be canceled by the exercise of an SAR; and (v) determine whether the payment due upon the exercise of an Option or SAR will be in the form of cash, shares of Stock, or a combination of cash and shares of Stock.

(b) Incentive Stock Options may only be granted to Eligible Individuals who meet the definition of "employee" under Section 3401(c) of the Code. Unless the Committee designates an Option in writing as an Incentive Stock Option, the Option shall be a nonqualified stock option.

(c) The aggregate Fair Market Value of the Stock (disregarding any restrictions in the case of Restricted Stock) for which Incentive Stock Options (within the meaning of Section 422 of the Code) granted to any Eligible Individual under this Plan may first become exercisable in any calendar year under this Plan and all other Incentive Stock Option plans of the Employer shall not exceed $100,000. For this purpose, Fair Market Value shall be determined with respect to a particular Incentive Stock Option on the date on which such Incentive Stock Option is granted. In the event that this $100,000 limit is exceeded with respect to a Participant, then Incentive Stock Options granted under this Plan to such Participant shall, to the extent and in the order required by Treasury Regulations under Section 422 of the Code, automatically become nonqualified stock options granted under this Plan. Solely for purposes of determining the limit on Incentive Stock Options that may be granted under this Plan, the provisions of Section 3(d) that replenish or forego a charge against the Award Pool shall only be applied to the extent permitted by Section 422 of the Code and regulations promulgated thereunder.

(d) SARs can be either free-standing (not granted in tandem with another Award) or granted in tandem with another Award. If an SAR is granted in tandem with another Award, the Participant may choose to exercise either the underlying Award or the SAR, but not both.

(e) The exercise period for an Option or SAR, including any extension which the Committee may from time to time decide to grant, shall be 10 years from the Date of Grant or such shorter period as the Committee may specify at the Date of Grant; provided, however, that, in the case of an Incentive Stock Option granted to an Eligible Individual who, at the Date of Grant, owns (within the meaning of Section 424(d) of the Code) stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or any “parent” or “subsidiary” within the meaning of Section 424(e) or (f) of the Code, respectively (a “10% Stockholder”), such period, including extensions, shall not exceed five years from the Date of Grant.

(f) The Committee shall determine the Option Price or SAR Price, as applicable, at the time any Option or SAR is granted. The Option Price or SAR Price shall be not less than the Fair Market Value, or, in the case of an Incentive Stock Option granted to a 10% Stockholder, 110% of the Fair Market Value, disregarding any restrictions in the case of Restricted Stock, of a share of Stock on the Date of Grant of the Option or SAR, as the Committee shall determine; provided, however, that such Option Price or SAR Price, as applicable, shall be at least equal to the par value of one share of Stock. Notwithstanding the prior sentence, the Committee may grant an Option or SAR with an Option Price or SAR Price, as applicable, that is less than one hundred percent (100%) of the Fair Market Value of a share of Stock on the Date of Grant of the Option or SAR if the Committee grants such Option or SAR as a Substitute Award in replacement for an award previously granted by an entity that the Company assumes in a business combination, provided that the Committee determines that such Option Price or SAR Price, as applicable, is appropriate to preserve the economic benefit of the replaced award and will not impair the exemption of the Option or SAR from Section 409A (unless the Committee clearly and expressly foregoes such exemption at the time the Option or SAR is granted). In all cases, the Committee shall observe the prohibition on Option and SAR repricing set forth in Section 12(d) of this Plan. Options and SARs are not eligible for dividends or dividends equivalent rights.

(g) A Participant may not exercise any portion of an Option or SAR (i) until the Participant shall have remained in the employ of a Participating Company for such period after the Date of Grant of the Option or SAR as the Committee may specify in the Award Agreement and (ii) until the Participant achieves such Performance Objectives or other criteria, if any, as the Committee may specify in the Award Agreement. Unless otherwise provided in this Plan, an Option shall not be exercisable earlier than one year following the Date of Grant of the Option. The Committee may further require that an Option or SAR become exercisable in installments.

(h) Except as otherwise provided in this Plan, the total Option Price or SAR Price shall be paid to the Company at the time of exercise either in cash or in such other consideration as the Committee deems appropriate, including Stock, having a total Fair Market Value on the date of exercise, as the Committee shall determine, equal to the total Option Price or SAR Price, as applicable, or a combination of cash and such other consideration having a total Fair Market Value on the date of exercise, as so determined, equal to the total Option Price or SAR Price, as applicable.

(i) (i) Upon the Termination Without Cause (other than in connection with a Change of Control as specified in Section 14) of a Participant holding Options or SARs, the Participant may exercise his or her Options and SARs to the extent they are exercisable on the date of Termination Without Cause, at any time and from time to time within 90 days of the date of such termination (but not later than the expiration of the overall exercise period specified in the applicable Award

Agreement). The Committee, however, in its discretion, may provide that any Option or SAR which is not exercisable by its terms on the date of Termination Without Cause will become exercisable in accordance with a schedule (which may extend the time limit referred to above, but not later than the expiration of the overall exercise period specified in the applicable Award Agreement) that the Committee shall determine.

(ii) (A) Upon the death or Total Disability (during a Participant's employment or within three months after the termination of employment for any reason other than termination pursuant to circumstances described in clause (f)(iii) below) of a Participant holding an Option or SAR, the Participant may exercise his or her Options and SARs only to the extent they are exercisable at the time of death or Total Disability (or such earlier termination of employment), at any time and from time to time within one year after such death or Total Disability (but not later than the expiration of the overall exercise period specified in the applicable Award Agreement). The Committee, however, in its discretion, may provide that any Options or SARs outstanding but not exercisable at the date of the first to occur of death or Total Disability will become exercisable in accordance with a schedule (which may extend the limits referred to above, but not to a date later than the expiration of the overall exercise period specified in the applicable Award Agreement) that the Committee shall determine. (B) The Committee may specify in the Award Agreement for a Participant's Option or SAR that the Option or SAR may be exercised for an extended period after the termination of the Participant's employment by reason of retirement (as defined by the Committee in its sole discretion), but not beyond the expiration of the overall exercise period specified in the applicable Award Agreement.

(iii) If a Participating Company terminates the employment of a Participant holding an Option or SAR for deliberate, willful or gross misconduct or on such grounds as the Committee may have specified with respect to an Award, as the Committee shall determine in good faith in its discretion, all rights of such Participant and any Family Member or Family Trust or other transferee to which such Participant has transferred the Option or SAR shall expire immediately upon the Participant's or transferee's receipt of the notice of such termination.

(iv) In the event of the death of a Participant, any Option or SAR outstanding to the Participant may be exercised by the person or persons to whom the Participant's rights under the Option or SAR pass by will, or if no such person has such right, by his or her executors or administrators or Beneficiary. The death of a Participant after Total Disability or Termination Without Cause will not adversely affect the rights of a Participant or anyone entitled to the benefits of such Option or SAR.

(j) No Option or SAR granted under this Plan shall be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated other than by will or by the laws of descent and distribution or as provided in Section 10 with respect to the designation of a Beneficiary; provided, however, that the Committee may determine that a nonqualified stock option or SAR may be transferred by a Participant to a Family Member or Family Trust or other transferee. In no event shall any Participant transfer an Option or SAR for value. Any authorized transfer of a nonqualified stock option or SAR shall be evidenced by a writing from a grantee to the Committee or Committee's designee on a form established by the Committee. Absent an authorized transfer during the lifetime of the Participant, an Option or SAR shall be exercisable during the Participant's lifetime only by the Participant or by his or her guardian or legal representative.

(k) With respect to an Incentive Stock Option, the Committee shall specify such terms and provisions as the Committee may determine to be necessary or desirable in order to qualify such Option as an Incentive Stock Option.

(l) If authorized by the Committee in its sole discretion, and subject to Section 12(d), so long as an Option is exercisable at such time, the Company may accept the surrender of the right to exercise any Option granted under this Plan as to all or any of the shares of Stock as to which the Option is then exercisable, in exchange for payment to the optionee (in cash or shares of Stock valued at the then Fair Market Value, or a combination thereof) of an amount not to exceed the difference between the Option Price and the then Fair Market Value of the shares as to which such right to exercise is surrendered.

Section 6
Performance Shares and Performance Units

(a) Subject to the terms and provisions of this Plan, the Committee may grant Performance Shares and Performance Units to Eligible Participants in such amounts and upon such terms, and at any time and from time to time, as the Committee shall determine.

(b) The Committee shall, in its discretion, set one or more Performance Objectives for each Award of Performance Shares or Performance Units, in addition to any non-performance terms applicable to the Award, which, depending on the extent to which they are met, will determine the number and/or value of the Performance Shares or Performance Units, as applicable, that will be paid out to the Participant.

(c) Subject to the terms of this Plan, after the applicable Performance Period has ended, the Participant shall be entitled to receive a payout of the number and/or value of the Performance Shares or Performance Units, as applicable, that the Participant earned over the Performance Period, to be determined as a function of the extent to which the corresponding Performance Objectives have been achieved and any applicable non-performance terms have been met.

(d) A Participant receiving Performance Shares or Performance Units shall not possess voting rights with respect to such Performance Shares or Performance Units and shall accrue dividend equivalents on such Performance Shares or Performance Units only to the extent provided in the corresponding Award Agreement; provided, however, that rights to dividend equivalents shall only be allowed to the extent they comply with, or are exempt from, Section 409A. Any rights to dividend equivalents on Performance Shares or Performance Units shall be subject to the same restrictions on vesting and payment as the underlying Award and shall be paid to the Participant when and if payment is made on the underlying Award. In addition, with respect to Covered Employees, the Committee may apply any restrictions it deems appropriate to the payment of dividends declared with respect to Performance Shares and Performance Units such that the dividends and/or Performance Shares or Performance Units maintain eligibility for the Performance-Based Exception.

(e) If a Participant terminates service with all Participating Companies during a Performance Period because of death or Total Disability, the Committee may provide the Participant a payment in settlement of each Performance Share or Performance Unit for which the Performance Period was prescribed (i) based upon the Performance Objectives or performance measures satisfied at the end of such Performance Period and (ii) prorated for the portion of the Performance Period during which the Participant was employed by any Participating Company; provided, however, the Committee may provide for an earlier payment in settlement of such Performance Share or Performance Unit in such amount and under such terms and conditions as the Committee deems appropriate or desirable with the consent of the Participant. If a Participant terminates service with all Participating Companies during a Performance Period for any other reason (other than in connection with a Change in Control as specified in Section 14), then such Participant shall not be entitled to any payment with respect to that Performance Period unless the Committee shall otherwise determine, subject to the requirements of Code Section 162(m) to the extent the Committee intends such Award to qualify under the Performance-Based Exception.

(f) Each Performance Share or Performance Unit may be paid in whole shares of Stock or other Awards, including but not limited to Restricted Stock, or cash, or a combination of the foregoing either as a lump sum payment or in annual installments, all as the Committee shall set forth in the Award Agreement. Notwithstanding the foregoing, to the extent a Performance Share or Performance Unit constituted deferred compensation subject to Section 409A and is subject to a substantial risk of forfeiture within the meaning of Section 409A (or will be granted upon the satisfaction of a condition that constitutes such a substantial risk of forfeiture), any compensation due under the Award (or pursuant to a commitment to grant an Award) shall be paid in full not later than the 90th day following the date there is no longer such a substantial risk of forfeiture with respect to the Award but in no event later than March 15th of the next following year (and the Participant shall have no right to designate the year of the payment), unless the Committee shall clearly and expressly provide otherwise at the time of granting the Award.

(g) Except as otherwise provided in this Section 6 or the applicable Award Agreement or as may be required by applicable law, no Performance Shares or Performance Units shall be sold, exchanged, transferred, pledged, hypothecated or otherwise disposed of, other than by will or by the laws of descent and distribution or as provided in Section 10 with respect to the designation of a Beneficiary, during the Performance Period unless the Committee determines that an Award may be transferred to a Family Member or Family Trust or other transferee. In no event shall Performance Shares or Performance Units be transferred by a Participant for value. Any authorized transfer of Performance Shares or Performance Units shall be evidenced by a writing from a grantee to the Committee or Committee's designee on a form established by the Committee. Further, except as otherwise provided in the applicable Award Agreement, a Participant's rights with respect to Performance Shares and Performance Units shall be available during the Participant's lifetime only to the Participant or the Participant's legal representative.

Section 7
Restricted Stock and Restricted Stock Units

(a) The Committee may grant Restricted Stock or Restricted Stock Units to a Participant either as an Award or as the result of an exercise of an Option or as payment for a Performance Share. Restricted Stock shall be subject to a Restriction Period commencing on the Date of Grant of the Award and ending on a date specified in the Award Agreement or upon the achievement of such Performance Objectives or other criteria as the Committee shall determine. The Committee may provide for the lapse of the Restriction Period in installments where deemed appropriate. To the extent that Restricted Stock is intended to qualify under the Performance-Based Exception, the grant of the Restricted Stock shall be conditioned on (or the applicable restrictions on the Restricted Stock shall include) the achievement during a Performance Period of one or more Performance Objectives. In this case, the rules in Section 4(d) for specifying and applying Performance Objectives, for establishing maximum available and lesser reward levels, and for otherwise complying with the Performance-Based Exception shall apply.

(b) Each Award of Restricted Stock or Restricted Stock Units shall be evidenced by an Award Agreement that shall set forth the terms of the Award, as the Committee shall determine, including without limitation the number of shares of Restricted Stock or the number of Restricted Stock Units granted; the purchase price, if any, to be paid for each share of Restricted Stock or Restricted Stock Unit, which may be more than, equal to, or less than Fair Market Value of a share of Stock and may be zero, subject to such minimum consideration as may be required by applicable law; any restrictions applicable to the Restricted Stock or Restricted Stock Units such as continued service or achievement of Performance Objectives; the length of the Restriction Period and whether any circumstances, such as death, Disability, or a Change in Control, will shorten or terminate the Restriction Period; and whether Restricted Stock Units will be settled in cash, shares of Stock or a combination of cash and shares of Stock. The Award may provide for lapse of the Restriction Period in monthly or longer installments over the course of the Restriction Period, as the Committee shall determine in its discretion.

(c) Except as otherwise provided in this Section 7 or an Award Agreement or as may be required by applicable law, no shares of Restricted Stock and no Restricted Stock Unit shall be sold, exchanged, transferred, pledged, hypothecated or otherwise disposed of during the Restriction Period or, in the case of Restricted Stock Units, until the date of delivery of shares of Stock or other payment with respect to the Restricted Stock Units, other than by will or by the laws of descent and distribution or as provided in Section 10 with respect to the designation of a Beneficiary, unless the Committee determines that an Award may be transferred by a Participant to a Family Member or Family Trust or other transferee. In no event shall Restricted Stock or Restricted Stock Units be transferred for value. Any authorized transfer of Restricted Stock or Restricted Stock Units shall be evidenced by a writing from a grantee to the Committee or Committee's designee on a form established by the Committee. Further, except as otherwise provided in the applicable Award Agreement, a Participant's rights with respect to Restricted Stock or Restricted Stock Units shall be available during the Participant's lifetime only to the Participant or the Participant's legal representative.

(d) Upon an Award of Restricted Stock to a Participant, shares of Restricted Stock shall be recorded in the Participant's name pursuant to Section 9.

(e) Except as provided in this Section 7 or in the Award Agreement applicable to an Award of Restricted Stock, a Participant receiving Restricted Stock shall have all of the rights of a stockholder of the Company with respect to such Restricted Stock, including the right to vote the shares of Restricted Stock to the extent, if any, such shares possess voting rights and the right to receive dividends. Unless the Award Agreement provides otherwise or the Committee specifies otherwise, dividends declared and payable during the Restriction Period with respect to the number of shares of Restricted Stock credited to a Participant shall be paid to the Participant within 30 days after each dividend becomes payable, unless, at the Date of Grant of the Award, the Committee determines that the dividends should be reinvested in additional shares of Restricted Stock subject to the same restrictions on vesting as the underlying Award or may require the Company to hold the dividends pending and subject to the same restrictions on vesting as the underlying Award. To the extent the Committee provides that cash dividends shall be reinvested in additional shares of Restricted Stock, the Company will credit additional shares of Restricted Stock to the Participant based on the Stock's Fair Market Value at the time of each such dividend. Notwithstanding the foregoing, all dividends or distributions payable on shares of Restricted Stock (or the equivalent as specified in the grant) subject to Performance Objectives shall be paid over to the Participant when and if restrictions lapse on the underlying shares of Restricted Stock. To the extent that any dividends declared and payable with respect to shares of Restricted Stock are deferred, reinvested or otherwise not paid when such

dividends would otherwise normally be paid, (i) all terms and conditions for such delayed payment shall be included in the Award Agreement, and (ii) such deferral, reinvestment or delay in payment of the dividends shall only be allowed to the extent it complies with, or is exempt from, the requirements of Section 409A. A Participant receiving Restricted Stock Units shall not possess voting rights and shall accrue dividend equivalents on such Restricted Stock Units only to the extent provided in the Award Agreement relating to the Restricted Stock Units; provided, however, that rights to dividend equivalents shall only be allowed to the extent they comply with, or are exempt from, Section 409. The Committee shall require that any such dividend equivalents shall be subject to the same restrictions on vesting and payment as the underlying Restricted Stock Units. In addition, with respect to Covered Employees, the Committee may apply any restrictions it deems appropriate to the payment of dividends declared with respect to Restricted Stock such that the dividends and/or Restricted Stock maintain eligibility for the Performance-Based Exception.

Section 8
Other Awards

(a) The Committee may grant other Awards under this Plan which are denominated in shares of Stock or pursuant to which shares of Stock may be acquired, including Awards valued using measures other than Fair Market Value, if the Committee in its discretion deems such Awards to be consistent with the purposes of this Plan. Subject to the terms of this Plan, the Committee shall determine the form of such Awards, the number of shares of Stock to be granted or covered pursuant to such Awards and all other terms and conditions of such Awards. Any right to dividend equivalents on an Award granted pursuant to this Section 8 shall be subject to the same restrictions on vesting and payment as the underlying Award and shall be paid to the Participant when and if payment is made on the underlying Award. Notwithstanding the foregoing, where the value of such an Award is based on the difference in the value of a share of Stock on different dates, the grant or exercise price shall not be less than 100% of the Fair Market Value of a share of Stock on the date of grant of the Award. To the extent that any such Award is intended to qualify under the Performance-Based Exception, either the initial grant or the ultimate payout of the Award shall be made subject to the achievement during a Performance Period of one or more Performance Objectives. In this case, the rules in Section 4(d) for specifying and applying Performance Objectives, for establishing the maximum available and any lesser reward levels, and for otherwise complying with the Performance-Based Exception shall apply. Any compensation due under an Award (or pursuant to a commitment to grant an Award) under this Section 8 shall be provided in full not later than the 90th day following the date there is no longer such a substantial risk of forfeiture with respect to the Award but in no event later than March 15th of the next following year, unless the Committee shall clearly and expressly provide otherwise in the Award Agreement with respect to the Award.

(b) Except as otherwise provided in this Section 8 or the applicable Award Agreement or as may be required by applicable law, no Award that the Committee grants under this Section 8 shall be sold, exchanged, transferred, pledged, hypothecated or otherwise disposed of other than by will or by the laws of descent and distribution or as provided in Section 10 with respect to the designation of a Beneficiary, unless the Committee determines that an Award may be transferred to a Family Member or Family Trust or other transferee. In no event shall Other Awards be transferred by a Participant for value. Any authorized transfer of an Award granted under this Section 8 shall be evidenced by a writing from a grantee to the Committee or Committee's designee on a form established by the Committee. Further, except as otherwise provided in the applicable Award Agreement, a Participant's rights with respect to an Award granted under this Section 8 shall be available during the Participant's lifetime only to the Participant or the Participant's legal representative.

Section 9
Certificates for Awards of Stock

(a) When a Participant becomes entitled to receive shares of Stock under this Plan, the Company shall issue a certificate for such shares to the Participant or arrange to have the shares registered for the Participant's account in book entry form by the Company's transfer agent or beneficially held on the Participant's behalf by the Company's designee, with appropriate restrictions relating to the transfer of such shares. If a certificate is issued, such certificate shall be registered in the name of the Participant and shall bear an appropriate legend reciting the terms, conditions and restrictions, if any, applicable to such shares of Stock and shall be subject to appropriate stop-transfer orders. The Company shall hold in custody the certificates representing shares of Restricted Stock until all restrictions thereon have lapsed and, if the Company so requires, the Participant shall deliver to the Company one or more stock powers endorsed in blank relating to the shares of Restricted Stock; if and when all restrictions on the shares of Restricted Stock have lapsed without a prior forfeiture of the shares of Restricted Stock, unrestricted certificates for such shares of Stock shall be delivered to the Participant.

(b) The Company shall not be required to issue or deliver any shares or certificates for shares of Stock prior to (i) the listing of such shares on any stock exchange or quotation system on which the Stock may then be listed or quoted, and (ii) the completion of any registration, qualification, approval or authorization of such shares of Stock under any federal or state law, or any ruling or regulation or approval or authorization of such shares of Stock under any governmental body which the Company shall, in its sole discretion, determine to be necessary or advisable.

(c) All shares and certificates for shares of Stock delivered under this Plan shall be subject to such stop-transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations, and other requirements of the SEC, any stock exchange upon which the Stock is then listed and any applicable federal or state securities or regulatory laws, and the Committee may cause a legend or legends to be placed on any such certificates to make appropriate reference to such restrictions. The foregoing provisions of this Section 9(c) shall not be effective if and to the extent that the shares of Stock delivered under this Plan are covered by an effective and current registration statement under the Securities Act, or if the Committee determines that application of such provisions is no longer required or desirable. In making such determination, the Committee may rely upon an opinion of counsel for the Company.

(d) Except as provided by Section 7 with respect to Restricted Stock and Section 8 with respect to other Awards, each Participant who receives an Award of shares of Stock shall have all of the rights of a stockholder with respect to such shares, including the right to vote the shares and receive dividends and other distributions in accordance with the provisions of this Plan under which the Award is granted. No Participant awarded an Option, SAR, Restricted Stock Unit, Performance Share, Performance Unit or Other Award shall have any right as a stockholder with respect to any shares issuable pursuant to such Award prior to the date on which the Participant becomes the record holder of such shares; provided, however, that this sentence shall not preclude such an Award (other than an Option or SAR) from providing dividend equivalent rights or payouts to the Participant in the form of shares of Stock (and the Participant shall have full stockholder rights with respect to any such paid-out shares).

Section 10
Beneficiary

(a) Each Eligible Individual may file with the Committee a written designation of one or more persons as the Beneficiary who shall be entitled to receive the Awards, if any, payable under this Plan upon the Eligible Individual's death. An Eligible Individual may from time to time revoke or change his or her Beneficiary designation without the consent of any prior Beneficiary by filing a new designation with the Committee. The last such designation that the Committee receives shall be controlling; provided, however, that no designation, or change or revocation thereof, shall be effective unless the Committee receives it prior to the Eligible Individual's death, and in no event shall it be effective as of a date prior to the date on which the Committee receives it.

(b) If no such Beneficiary designation is in effect at the time of an Eligible Individual's death, or if no designated Beneficiary survives the Eligible Individual, or to the extent an Eligible Individual's Beneficiary designation conflicts with law, Awards payable under this Plan upon the Eligible Individual's death shall be paid to the Eligible Individual's estate. If the Committee is in doubt as to the right of any person to receive such Award, the Company may retain such Award, without liability for any interest thereon, until the Committee determines the right thereto, or the Company may pay such Award into any court of appropriate jurisdiction and such payment shall be a complete discharge of the liability of the Company therefor.

Section 11
Administration of this Plan

(a) The Committee shall administer this Plan. If Stock is traded on the NASDAQ Stock Market, all of the members of the Committee shall be independent directors within the meaning of the NASDAQ Stock Market's director independence standards. If any member of the Committee does not qualify as (i) a "non-employee director" within the meaning of Rule 16b-3 and (ii) an "outside director" within the meaning of Section 162(m) of the Code, the Board shall appoint a subcommittee of the Committee, consisting of at least two members of the Board, to grant Awards to Covered Employees and to officers and members of the Board who are subject to Section 16 of the Exchange Act; each member of such subcommittee shall satisfy the requirements of (i) and (ii) above. References to the Committee in this Plan shall include and, as appropriate, apply to any such subcommittee.

(b) All decisions, determinations or actions of the Committee made or taken pursuant to grants of authority under this Plan or with respect to any questions arising in connection with the administration and interpretation of this Plan, including the severability of any and all of the provisions thereof, shall be made or taken in the sole and absolute discretion of the Committee and shall be final, conclusive and binding on all persons for all purposes.

(c) The Committee shall have full power, discretion and authority to interpret, construe and administer this Plan and any part thereof and any related Award Agreement and define the terms employed in this Plan or any agreement, and its interpretations and constructions thereof and actions taken thereunder shall be final, conclusive and binding on all persons for all purposes, and they shall be entitled due deference upon any review.

(d) The Committee shall have full power, discretion and authority to prescribe and rescind rules, regulations and policies for the administration of this Plan.

(e) The Committee may correct any defect, supply any omission or reconcile any inconsistency in this Plan or any Award Agreement in the manner and to the extent it shall deem desirable to address the matter.

(f) In the event the Company shall assume outstanding employee benefit awards or the right or obligation to make future such awards in connection with the acquisition of another corporation or business entity, the Committee may, in its discretion, make such adjustments in the terms of Awards under this Plan as it shall deem appropriate.

(g) The Committee's decisions and determinations under this Plan and with respect to any Award granted thereunder need not be uniform and may be made selectively among Awards, Participants or Eligible Individuals, whether or not such Awards are similar or such Participants or Eligible Individuals are similarly situated.

(h) The Committee shall keep minutes of its actions under this Plan. The action of a majority of the members of the Committee present at a meeting duly called and held shall be the act of the Committee. Any decision or determination reduced to writing and signed by all members of the Committee shall be fully as effective as if made by unanimous vote at a meeting duly called and held.

(i) The Committee may employ such legal counsel, including without limitation independent legal counsel and counsel regularly employed by the Company, consultants and agents as the Committee may deem appropriate for the administration of this Plan and may rely upon any opinion received from any such counsel or consultant and any computations received from any such consultant or agent. The Company shall pay all expenses incurred by the Committee in interpreting and administering this Plan, including without limitation, meeting fees and expenses and professional fees.

(j) No member or former member of the Committee or the Board shall be liable for any action or determination made in good faith with respect to this Plan or any Award granted under it. The Company shall indemnify and hold harmless each member or former member of the Committee or the Board against all cost or expense (including counsel fees and expenses) or liability (including any sum paid in settlement of a claim with the approval of the Board) arising out of any act or omission to act in connection with this Plan unless arising out of such member's or former member's own fraud or bad faith. Such indemnification shall be in addition (without duplication) to any rights to indemnification or insurance the members or former member may have as directors or under the by-laws of the Company or otherwise.

(k) The Committee's determination that an Option, Performance Share, Performance Unit, Restricted Stock, Restricted Stock Unit or Other Award may be transferred by a Participant to a Family Member or Family Trust or other transferee may be set forth in determinations pursuant to Section 11(c), rules and regulations of general application adopted pursuant to Section 11(d), in the written Award Agreement, or by a writing delivered to the Participant made any time after the relevant Award or Awards have been granted, on a case-by-case basis, or otherwise. In any event, the transferee or Family Member or Family Trust shall agree in writing to be bound by all the provisions of this Plan and the Award Agreement, and in no event shall any such transferee have greater rights under such Award than the Participant effecting such transfer. In no event shall a Participant transfer an Award for value.

(l) The Committee may, in its discretion, at any time and from time to time, delegate to one or more of its members such of its powers as it deems appropriate (but not less than two members with respect to Covered Employees and officers and members of the Board who are subject to Section 16 of the Exchange Act). Except with respect to Covered

Employees and officers and members of the Board who are subject to Section 16 of the Exchange Act, the Committee may, in its discretion, at any time and from time to time, delegate to one or more persons who are not members of the Committee any or all of its authority and discretion under this Section 11 to the full extent permitted by law and the rules of any exchange on which the Stock is traded.

Section 12
Amendment or Discontinuance

(a) The Board may, at any time, amend or terminate this Plan. In addition, except with respect to the amendments enumerated in this subsection (a), the Committee may amend this Plan, provided that all such amendments shall be reported to the Board. Notwithstanding the foregoing, if an amendment to this Plan (i) would materially increase the benefits accruing to Participants, (ii) would materially increase the number of securities which may be issued under this Plan, (iii) would materially modify the requirements for participation in this Plan, (iv) would permit a transaction that would have violated the prohibition on repricing set forth in subsection (d) below prior to such amendment, or (v) must otherwise be approved by the stockholders of the Company in order to comply with applicable law or the rules of the NASDAQ Stock Market or, if the Stock is not traded on the NASDAQ Stock Market, the principal national securities exchange on which the Stock is traded or quoted, then such amendment shall be subject to stockholder approval and will not be effective unless and until such approval has been obtained. No amendment or termination shall, when taken as a whole, adversely and materially affect the rights of any Participant who has received a previously granted Award without his or her consent unless the amendment or termination is necessary or desirable (i) for the continued validity of this Plan or its compliance with Rule 16b-3 or any other applicable law, rule or regulation or pronouncement, or (ii) to avoid any adverse consequences under Section 162(m) of the Code, Section 409A or any requirement of a securities exchange or association or regulatory or self-regulatory body.

(b) The Committee may, at any time, amend outstanding Award Agreements in a manner not inconsistent with the terms of this Plan; provided, however, except as provided in Section 14, if such amendment is materially adverse to the Participant, as the Committee shall determine in good faith in its discretion, the amendment shall not be effective unless and until the Participant consents, in writing, to such amendment. To the extent not inconsistent with the terms of this Plan, the Committee may, at any time, amend an outstanding Award Agreement in a manner that is not unfavorable to the Participant without the consent of such Participant. Notwithstanding anything else in this Section 12(b), (i) no amendment of an Award Agreement shall cause an Award to be subject to Section 409A unless the Award Agreement, as amended, complies with the requirements of Section 409A, and (ii) no amendment of an Award Agreement that is subject to Section 409A shall cause such Award Agreement (or the underlying Award) to violate Section 409A.

(c) If permitted by Section 409A, in the event of termination of employment by reason of death, Total Disability or normal or early retirement (as defined by the Committee in its sole discretion), or in the event of unforeseeable emergency or other special circumstances, of a Participant who holds an Option or SAR not immediately exercisable in full, or any shares of Restricted Stock or Restricted Stock Units as to which the substantial risk of forfeiture or the prohibition or restriction on transfer has not lapsed, or any Performance Shares or Performance Units which have not been fully earned, or any Other Awards made pursuant to Section 8 subject to any vesting schedule or transfer restriction, or who holds shares of Stock subject to any transfer restriction imposed pursuant to Section 11(k) of this Plan, the Committee may, in its sole discretion, accelerate the time at which such Option, SAR or other Award may be exercised or the time at which such substantial risk of forfeiture or prohibition or restriction on transfer will lapse or the time when such Restriction Period will end or the time at which such Performance Shares will be deemed to have been fully earned or the time when such transfer restriction will terminate or may waive any other limitation or requirement under any such Award. Notwithstanding anything to the contrary in this subsection, to the extent the Committee intends such Award (other than an Option or SAR) to qualify under the Performance-Based Exception, any such determination to accelerate such Award shall be subject to the requirements of Code Section 162(m).

(d) Except in connection with a corporate transaction or event described in Section 14, the Committee may not amend the terms of any outstanding Option or SAR to reduce the applicable Option Price or SAR Price and may not cancel, exchange, substitute, buy-out or effect the surrender of an outstanding Option or SAR at a time when the Option Price or SAR Price exceeds the Fair Market Value of a share in exchange for cash, another Award or another Option or SAR with an Option Price or SAR Price that is less than the Option Price or SAR Price of the original Option or SAR, as applicable, or otherwise effect what would be considered a repricing as defined within GAAP or any applicable stock exchange rule, without stockholder approval.

Section 13
Adjustments in Event of Change in Common Stock

(a) In the event of any change in corporate capitalization such as a stock split, reverse stock split, stock dividend or extraordinary cash dividend of the Company, or a corporate transaction involving the Company, such as any merger of a corporation into another corporation, any consolidation of two or more corporations into another corporation, any separation of a corporation (including a spin-off, split-off, spin-out, split-up or other distribution of stock or property by a corporation), or any reorganization of a corporation (whether or not such reorganization comes within the definition of such term in Section 368 of the Code), or the Company's sale or other disposition of all or a material portion of its assets, or any other change in the Company's corporate structure, or any distribution to stockholders (other than an ordinary cash dividend) or any partial or complete liquidation by a corporation, or any other corporate transaction or event having an effect similar to any of the foregoing that results in the outstanding shares of Stock (or any securities exchanged therefore or received in their place) being exchanged for a different number or class of shares or other securities of the Company or for shares of stock or other securities of any other corporation, or new, different or additional shares or other securities of the Company or of any other corporation being received by the holders of outstanding shares of Stock, the Committee shall make equitable adjustments, as it determines are necessary and appropriate, in (i) the number and class of stock or other securities which comprise the Award Pool in Section 3(a), (ii) the number and class of stock or other securities which are subject to any Award, (iii) the limitations on the aggregate number of Awards that may be granted in any one fiscal year to any one Eligible Individual as set forth in Section 3(b), (iv) the Option Price under each outstanding Option and the SAR Price under each outstanding SAR, and (v) the terms, conditions or restrictions of any Award.

(b) Moreover, in the event of any such transaction or event or in the event of a Change in Control, the Committee, in its discretion, may provide in substitution for any or all outstanding Awards such alternative consideration (including cash), if any, as it, in good faith, may determine to be equitable in the circumstances and may require in connection therewith the surrender of all Awards so replaced in a manner that complies with Section 409A. Any or all Awards may be settled in exchange for cash payment based upon, to the extent relevant under the circumstances, the distribution or consideration payable to holders of shares of Stock upon or in respect of such transaction, event or Change in Control. The Committee may adopt such valuation methodologies for outstanding Awards as it deems reasonable in the event of such a cash settlement and, in the case of Options, SARs or similar rights, but without limitation on other methodologies, may base such settlement solely upon the excess (if any) of the per share amount payable upon or in respect of the Change in Control over the Option Price or SAR Price, as applicable, of the Award and may, in its sole discretion, cancel each Option or SAR with an Option Price or SAR Price greater than the per share amount payable upon or in respect of the Change in Control without any payment to the person holding such Option or SAR.

(c) It is intended that, if possible, and subject to the Committee's discretion, any adjustments contemplated above shall be made in a manner that satisfies applicable legal requirements, as well as applicable requirements with respect to taxation (including, without limitation and as applicable in the circumstances, Section 424 of the Code, Section 409A, and Section 162(m) of the Code) and takes into consideration any accounting impact (so as to not trigger any charge to earnings with respect to such adjustment, if possible).

Section 14
Change in Control

(a) The Committee may, in its discretion, at the time an Award is made hereunder or at any time prior to, coincident with or after the time of a Change in Control:

(i) provide for the purchase or cancellation of such Awards, for an amount of cash, if any, equal to the amount which could have been obtained upon the exercise or realization of such rights had such Awards been currently exercisable or payable;

(ii) make such adjustment to the Awards then outstanding as the Committee deems appropriate to reflect such transaction or change (including the acceleration of vesting); and/or

(iii) cause the Awards then outstanding to be assumed, or new rights substituted therefore, by the successor corporation or organization in such Change of Control.

(b) The Committee may, in its discretion, include such further provisions and limitations in any Award Agreement as it may deem equitable and in the best interest of the Company,

(c) Any actions taken under this Section 14 shall be valid with respect to an Award that is subject to Section 409A only to the extent that such action complies with Section 409A.

(d) The obligations of the Company under the Plan or any Award shall be binding upon any successor corporation or organization resulting from the merger, consolidation or other reorganization of the Company, or upon any successor corporation or organization succeeding to all or substantially all of the assets and business of the Company and its Affiliates, taken as a whole.

Section 15
Miscellaneous

(a) Nothing in this Plan or any Award granted hereunder shall confer upon any Eligible Individual any right to continue in a service relationship with any Participating Company or interfere in any way with the right of any Participating Company to terminate his or her service relationship at any time and for any reason.

(b) No Award payable under this Plan shall be deemed salary or compensation for the purpose of computing benefits under any employee benefit plan or other arrangement of any Participating Company for the benefit of its employees unless the Company shall determine otherwise.

(c) No Eligible Individual or Participant shall have any claim to an Award until it is actually granted under this Plan. To the extent that any person acquires a right to receive payments from the Company under this Plan, such right shall be no greater than the right of an unsecured general creditor of the Company. The Company shall make all payments due with respect to Awards either by issuing shares of Stock or by delivering cash from the general funds of the Company or other property of the Company; provided, however, that the Company shall reduce the amount of such payments by the amount of any payments made to the Participant or his or her dependents, beneficiaries or estate from any trust or special or separate fund established in connection with this Plan. The Company shall not be required to establish a special or separate fund or other segregation of assets to assure such payments, and, if the Company shall make any investments to aid it in meeting its obligations hereunder, the Participant shall have no right, title, or interest whatever in or to any such investments except as may otherwise be expressly provided in a separate written instrument relating to such investments.

(d) Absence on leave approved by a duly constituted officer of the Company (a “Company approved leave”) shall not be considered termination of employment for any purposes of this Plan; provided, however, that no Award may be granted to an employee while he or she is absent on leave. Notwithstanding the preceding sentence, if an Award that is subject to Section 409A is to be distributed upon “separation from service” within the meaning of Section 409A, a Company approved leave shall be considered to result in a separation from service to the extent necessary for compliance with Section 409A.

(e) If the Committee shall find that any person to whom any Award, or portion thereof, is payable under this Plan is unable to care for his or her affairs because of illness or accident, or is a minor, then any payment due him or her (unless a prior claim therefor has been made by a duly appointed legal representative) may, if the Committee so directs the Company, be paid to his or her spouse, a child, a relative, an institution maintaining or having custody of such person, or any other person that the Committee deems to be a proper recipient on behalf of such person otherwise entitled to payment. Any such payment shall be a complete discharge of the liability of the Company therefor.

(f) The right of any Participant or other person to any Award payable under this Plan may not be assigned, transferred, pledged or encumbered, either voluntarily or by operation of law, except as specifically provided otherwise in this Plan.

(g) Copies of this Plan and all amendments, administrative rules and procedures and interpretations shall be made available for review upon request to all Eligible Individuals at all reasonable times at the Company’s administrative offices.

(h) The Company shall have the power and right to deduct or withhold, or cause the Participant or his or her Beneficiary to remit to the Company, an amount sufficient to satisfy any federal, state, local or foreign taxes or similar charges (domestic or foreign) required by law or regulation to be withheld with respect to any taxable event arising as a result of or in connection with any Award. With respect to withholding required upon any taxable event arising as a result of or in

connection with an Award granted hereunder that is settled in shares of Stock, unless other arrangements are made with the consent of the Committee, Participants shall satisfy such withholding taxes by having the Company withhold shares of Stock to be issued having a Fair Market Value on the date the tax is to be determined equal to not more than the amount necessary to satisfy the Company's withholding obligations at the minimum statutory withholding rates (or, if permitted by the Company, such other rate as will not cause adverse accounting consequences and is permitted under applicable IRS withholding rules). All such withholding arrangements shall be subject to any restrictions or limitations that the Committee, in its sole discretion, deems appropriate.

(i) Each Participant agrees to promptly give the Committee a copy of any election made by such Participant under Section 83(b) of the Code or any similar provision thereof. Notwithstanding the preceding sentence, the Committee may condition any Award on the Participant making or not making an election under Section 83(b) of the Code with respect to the Award.

(j) No fractional shares of Stock shall be issued or delivered pursuant to this Plan or any Award; in the discretion of the Committee, the Company shall forfeit the value of fractional shares or make cash payments in lieu of fractional shares.

(k) All elections, designations, requests, notices, instructions and other communications from an Eligible Individual, Participant, Beneficiary or other person to the Committee, required or permitted under this Plan, shall be in such form as the Committee shall prescribe from time to time and shall be mailed by first class mail or transmitted by facsimile copy or delivered to such location as the Committee shall specify.

(l) The terms of this Plan and all outstanding Award Agreements shall be binding upon the Company and its successors and assigns.

(m) Where the context admits, words in any gender shall include the other gender, words in the singular shall include the plural and words in the plural shall include the singular.

(n) Captions preceding the sections hereof are inserted solely as a matter of convenience and in no way define or limit the scope or intent of any provision hereof.

(o) This Plan and the grant, exercise and carrying out of Awards shall be subject to all applicable federal and state laws, rules, and regulations and to all required or otherwise appropriate approvals and authorizations by any governmental or regulatory agency or commission. The Company shall have no obligation of any nature hereunder to any Eligible Individual, Participant or any other person in the absence of all necessary or desirable approvals or authorizations and shall have no obligation to seek or obtain the same.

(p) Whenever possible, each provision of this Plan and any Award Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any such provision is held to be ineffective, invalid, illegal or unenforceable in any respect under the applicable laws or regulations of the United States or any state, such ineffectiveness, invalidity, illegality or unenforceability will not affect any other provision but this Plan and any such agreement will be reformed, construed and enforced so as to carry out the intent hereof or thereof and as if any invalid or illegal provision had never been contained herein.

(q) For any Award that is intended to qualify for the Performance-Based Exception, (i) the Committee shall interpret this Plan in light of Section 162(m) of the Code and the guidance thereunder; and (ii) the Committee, unless it determines otherwise, shall not amend the conditions on the grant or payout of the Award or amend the terms of the Award in any way that would adversely affect the availability of the Performance-Based Exception with respect to such Award.

(r) The Committee, in its discretion, may defer the payment of an Award, if such payment would cause the annual remuneration of a Participant who is a Covered Employee to be nondeductible because it exceeds $1,000,000 (or such other amount allowed under Section 162(m) of the Code as a deduction). The Committee shall clearly and expressly provide for any such deferral. In the event the Committee shall permit a Participant to elect to defer any Award payable in the form of cash, the Participant shall make and deliver to the Company a written, irrevocable deferral election on a form that the Company shall prescribe. All deferrals pursuant to this subsection (r) shall be made in accordance with administrative guidelines as the Committee shall establish to ensure that such deferrals comply with all applicable requirements of Section 409A.

(s) To the extent not preempted by federal law, this Plan and all Award Agreements shall be construed and governed under the laws of the State of Delaware, excluding any conflicts or choice or law rule or principle that might otherwise refer construction or interpretation of this Plan or an Award Agreement (as applicable) to the substantive law of any other jurisdiction. Unless otherwise provided in the applicable Award Agreement, the recipient of an Award is deemed to submit to the exclusive jurisdiction and venue of the federal and state courts of Connecticut to resolve any and all issues that may arise out of or relate to this Plan or such Award Agreement.

(t) Notwithstanding any other provisions in this Plan, any Award which is subject to recovery under any law, government regulation or stock exchange listing requirement, will be subject to such deductions and clawback as may be required to be made pursuant to such law, government regulation or stock exchange listing requirement (or any clawback policy adopted by the Company pursuant to any such law, government regulation or stock exchange listing requirement).

Section 16
Compliance with Section 409A

(a) At all times, this Plan shall be interpreted and operated (i) in accordance with Section 409A with respect to an amount payable under this Plan that constitutes deferred compensation (within the meaning of Section 409A), and (ii) to maintain the exemptions from Section 409A of Options, SARs, Restricted Stock and any Awards designed to meet the short-term deferral exception under Section 409A. Any discretionary authority that the Committee may have pursuant to this Plan shall not be applicable to an amount payable under this Plan that constitutes deferred compensation (within the meaning of Section 409A) to the extent such discretionary authority would conflict with Section 409A.

(b) Neither a Participant nor any of a Participant's creditors or beneficiaries shall have the right to subject any deferred compensation (within the meaning of Section 409A) payable under this Plan and grants hereunder to any anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment or garnishment. Except as permitted under Section 409A, any deferred compensation (within the meaning of Section 409A) payable to a Participant or for a Participant's benefit under this Plan and grants hereunder may not be reduced by, or offset against, any amount owing by a Participant to the Company or any of its Affiliates.

(c) If, at the time of a Participant's separation from service (within the meaning of Section 409A), (i) the Participant shall be a specified employee (within the meaning of Section 409A and using the identification methodology selected by the Company from time to time) and (ii) the Company shall make a good faith determination that an amount payable hereunder constitutes deferred compensation (within the meaning of Section 409A) the payment of which is required to be delayed pursuant to the six-month delay rule set forth in Section 409A in order to avoid taxes or penalties under Section 409A, then the Company shall not pay such amount on the otherwise scheduled payment date but shall instead pay it, without interest, on the first business day of the seventh month following the date of such separation from service (if the Participant dies after the date of the Participant's separation from service but before payment has been made, payment will be made to the Participant's Beneficiary or estate, as applicable, without regard to such six-month delay).

(d) To the extent that an Award that constitutes deferred compensation (within the meaning of Section 409A) provides for payment upon the recipient's termination of employment as an employee or cessation of service as a non-employee director, the Award shall be deemed to require payment upon the individual's "separation from service" within the meaning of Section 409A.

(e) Notwithstanding any provision of this Plan and grants hereunder to the contrary, the Committee reserves the right to make amendments to this Plan and Award Agreements hereunder as the Committee deems necessary or desirable to avoid the imposition of taxes or penalties under Section 409A. In any case, a Participant shall be solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on a Participant or for a Participant's account in connection with this Plan and Awards hereunder (including any taxes and penalties under Section 409A), and neither the Company nor any of its affiliates shall have any obligation to indemnify or otherwise hold a Participant harmless from any or all of such taxes or penalties.

(f) In the event that any Award shall be deemed not to comply with Section 409A, then neither the Company, the Board, the Committee nor its or their designees or agents, nor any of their affiliates, assigns or successors (each a "protected party") shall be liable to any Award recipient or other person for actions, inactions, decisions, indecisions or any other role in relation to this Plan by a protected party if made or undertaken in good faith or in reliance on the advice of counsel (who may be counsel for the Company), or made or undertaken by someone other than a protected party.

Section 17
Effective Date

This Plan will be effective as of the Effective Date. No grants will be made under the Prior Plans on or after the date the Company's stockholders first approve this Plan, but outstanding awards granted under the Prior Plans will continue unaffected following the Effective Date. No Award shall be granted under this Plan more than 10 years after the Effective Date, but all Awards granted on or prior to such date will continue in effect thereafter subject to the terms thereof and of this Plan.

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Annex B

Certificate of Amendment of the Restated Certificate of Incorporation of Frontier Communications Corporation

Frontier Communications Corporation, a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), does hereby certify:

FIRST: This Certificate of Amendment (the "Certificate of Amendment") amends the provisions of the Corporation's Restated Certificate of Incorporation filed with the Secretary of State of the State of Delaware on May 22, 2000 (as amended, the "Certificate of Incorporation").

SECOND: Article Fourth, Section (a) of the Certificate of Incorporation is hereby amended and restated in its entirety as follows:

> "Upon the Certificate of Amendment becoming effective pursuant to the Delaware General Corporation Law (the "Effective Time"), the total number of shares of stock which this corporation shall have authority to issue shall be 225,000,000 shares, of which 50,000,000 shares shall be shares of preferred stock, with a par value of $0.01 each, amounting in aggregate to five hundred thousand dollars ($500,000), and 175,000,000 shares shall be shares of common stock, with a par value of $0.25 each (the "Common Stock"), amounting in the aggregate to $43,750,000.
>
> "Upon the Effective Time, each [ ][3] shares of Common Stock, either issued and outstanding immediately prior to the Effective Time or issued and held in the treasury of the Corporation immediately prior to the Effective Time, shall be automatically reclassified as, and shall be combined and changed into, one (1) validly issued, fully paid and non-assessable share of Common Stock without further action by the Corporation or the holder thereof, subject to the treatment of fractional shares of Common Stock as described below (the "Reverse Stock Split"). No fractional shares of Common Stock shall be issued as a result of the Reverse Stock Split. Stockholders who otherwise would be entitled to receive fractional shares of Common Stock shall be entitled to receive cash (without interest or deduction) from the Corporation's transfer agent in lieu of such fractional shares upon the submission of a transmittal letter by a stockholder holding the shares in book-entry form and, where shares are held in certificated form, upon the surrender of the stockholder's Old Certificates (as defined below), in an amount equal to the proceeds attributable to the sale of the fractional shares resulting from the aggregation and sale by the Corporation's transfer agent of all fractional share interests attributable to the fractional shares otherwise issuable. From and after the Effective Time, certificates representing Common Stock outstanding immediately prior to the Effective Time ("Old Certificates") shall represent the number of whole shares of Common Stock into which the Common Stock formerly represented by such Old Certificate shall have been reclassified pursuant to the foregoing provisions."

THIRD: This Certificate of Amendment shall become effective on [ ], 2017 at [ ] [a.m./p.m.].

FOURTH: This amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware (the "DGCL"). The Board of Directors of the Corporation duly adopted resolutions setting forth and declaring advisable this Certificate of Amendment and directed that the proposed Certificate of Amendment be considered by the stockholders of the Corporation. At the annual meeting of the stockholders of the Corporation held on [ ], 2017 and called in accordance with the relevant provisions of the DGCL, the stockholders of the Corporation duly adopted this Certificate of Amendment.

FIFTH: All other provisions of the Certificate of Incorporation shall remain in full force and effect.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment to be signed by , its , this day of , 2017.

By: _____

Name:
Title:

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[3] The number to be inserted here shall be a whole number between 10 and 25, inclusive, which shall have been determined by the Board of Directors of the Corporation prior to the filing of this Certificate of Amendment and within 90 days after the adoption of this Certificate of Amendment by the stockholders of the Corporation.

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401 Merritt 7
Norwalk, Connecticut 06851

2017 Annual Meeting of Stockholders
10:00 a.m., Eastern Time, May 10, 2017
Virtual Meeting, visit: www.virtualshareholdermeeting.com/FTR2017

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2016
or

☐ 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	06-0619596
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
401 Merritt 7 Norwalk, Connecticut	06851
(Address of principal executive offices)	(Zip Code)

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

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

Title of each class	Name of each exchange on which registered
Common Stock, par value $0.25 per share	The NASDAQ Stock Market LLC
Series A Participating Preferred Stock Purchase Rights	The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes X No __

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes __ No X

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 X No __

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes X No __

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

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

Large Accelerated Filer ☒ Accelerated Filer ☐ Non-Accelerated Filer ☐ Smaller Reporting Company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).Yes __ No X

The aggregate market value of common stock held by non-affiliates of the registrant on June 30, 2016 was $5,764,318,000 based on the closing price of $4.94 per share on such date. The number of shares outstanding of the registrant's common stock as of February 10, 2017 was 1,172,525,000.

DOCUMENT INCORPORATED BY REFERENCE

Portions of the Proxy Statement for Frontier's 2017 Annual Meeting of Stockholders are incorporated by reference into Part III of this Form 10-K.

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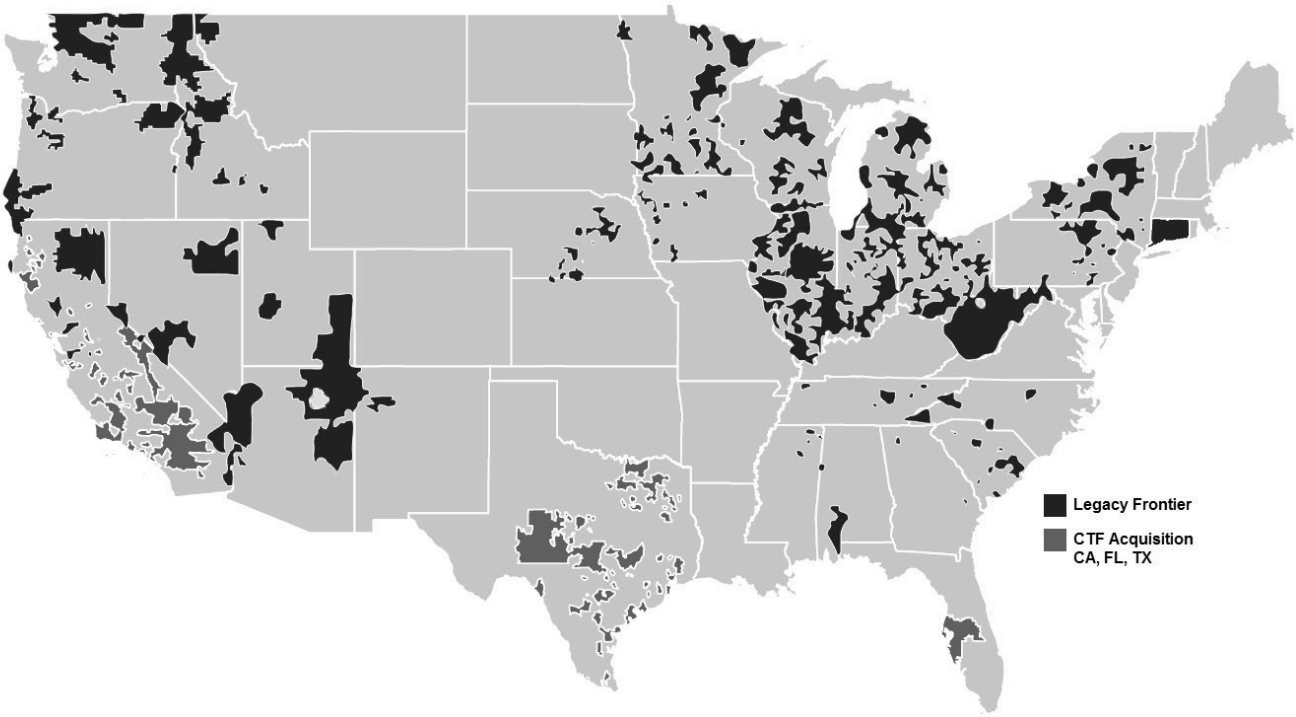
PART I

Item 1. Business

Frontier Communications Corporation (Frontier) is a provider of communications services in the United States, with approximately 5.4 million customers, 4.3 million broadband subscribers and 28,300 employees, operating in 29 states. In recent years, Frontier has completed multiple acquisitions. On April 1, 2016, we acquired the wireline operations of Verizon Communications, Inc. in California, Texas and Florida for a purchase price of $10,540 million in cash and assumed debt.

Frontier's Service Territories



How We Serve Our Customers

We conduct business with both residential and business customers.

Residential. We provide broadband, video, voice and other services and products to our residential customers. We deliver these services generally over a combination of fiber and copper based networks.

Business (commercial customers and wholesale carrier customers).

Commercial. We sometimes refer to our commercial customers as SME (small business, medium business and larger enterprise) customers. We provide a broad range of services to our SME customers, including broadband service, Ethernet service, traditional circuit-based services (TDM services) and voice services. We also sell customer premise equipment (CPE) and provide CPE-related maintenance services.

- *Larger Enterprise:* Fortune 1000, multi-location companies, large government entities, large educational institutions, and non-profits.

- *Medium Business:* Single or multi-location companies and mid-sized government entities, educational institutions and non-profits.

- *Small Business:* Mostly single-location businesses, the smaller of which have purchase patterns similar to residential customers.

Carrier. Carrier customers are often referred to as wholesale customers and include national operators such as AT&T and Verizon, Local Exchange Companies that need to access locations within Frontier's footprint, Competitive Local Exchange Companies (CLECs) and wireless carriers. Carrier customers buy both voice and data services.

Services and Products

We offer a broad portfolio of communications services for residential and business customers. These services are offered on either a standalone basis or in a bundled package, depending on each customer's needs.

Data and Internet services. We offer a comprehensive range of broadband services. The principal residential service we provide is broadband internet service. Commercial services include Ethernet, Dedicated Internet, Multiprotocol Label Switching (MPLS), Time Division Multiplexing (TDM) data transport services and optical transport services. These services are all supported by 24/7 technical support and an advanced network operations center. We also offer wireless broadband services (using unlicensed spectrum) in select markets utilizing networks that we own or operate. In addition, we offer our Frontier Secure suite of products, including computer security, cloud backup and sharing, identity protection and equipment insurance.

Video services. We offer video services under the Vantage brand to certain of our customers in portions of Connecticut, South Carolina, Minnesota, and Illinois and under the FiOS® brand in portions of California, Texas, Florida, Indiana, Oregon and Washington. We also offer satellite TV video service to our customers under an agency relationship with DISH® in all of our markets.

Voice services. We provide voice services, including data-based VoIP, long distance and voice messaging services, to residential and business customers in our markets. These services are billed monthly in advance. Long distance service to and from points outside our operating properties are provided by interconnection with the facilities of interexchange carriers. Our long distance services are billed in advance for unlimited use service and on a per minute-of-use basis for a fixed number of minutes.

We also offer packages of communications services. These packages permit customers to bundle their products and services, including voice service, video and Internet services, and other product offerings.

Access services. We offer a range of access services. Our switched access services allow other carriers to use our facilities to originate and terminate their local and long distance voice traffic. These services are generally offered on a month-to-month basis and the service is billed primarily on a minutes-of-use basis. Switched access charges have been based on access rates filed with the FCC for interstate services and with the respective state regulatory agency for intrastate services. Intercarrier compensation reform has impacted the rates that we may charge for these services. See, "Regulatory Environment" below. Other access services we offer, such as special access, allow other carriers to have a continuous, non-switched connection to customers within our service territory.

Customer Premise Equipment. We offer our SME customers third-party communications equipment tailored to their specific business needs by partnering with Mitel, Airbus, Avaya, Hewlett Packard, Adtran and other equipment manufacturers. CPE is typically sold in conjunction with voice, data and Internet services, and may also be sold on a standalone basis.

Frontier Operating Strategies

Grow Broadband and Invest in our Network. A main component of our strategy is to enable and strengthen the broadband capabilities of our network. We focus on broadband as the core growth component of our service offering, either bundled with our voice and/or video services, or on a standalone basis. We continuously improve our broadband speeds and availability in our markets and view these investments as opportunities to attract and retain a greater number of customers and increase average revenue per residential and business customer. Our capital expenditures include enhancing the existing outside plant by expanding fiber-based infrastructure throughout our network, upgrading network hardware, expanding transport capacity of our middle-mile and data backbone, and growing our video capabilities. We continue to deploy next generation Broadband Remote Access Servers throughout our network to facilitate the expansion of broadband and video service offerings and increase broadband speeds. Similarly, for our commercial customers we are focused on expanding and upgrading our premium Ethernet service offerings across our network.

Improve Customer Experience and Retention. We provide multiple service and product options in our residential and business offerings to the customer base in each of our markets. We believe this strategy results in a better customer experience and allows us to maximize retention of existing customers and to attract new customers. At December 31, 2016, 63% of our residential broadband customers subscribed to at least one other service offering. Our bundled services include broadband, voice, and video offerings, including simplified messaging services, higher speed products and digital security products. In late 2016, we announced a new organization structure, including separate and specialized consumer and commercial operations which will focus on the differing needs of these customer groups.

Improve Productivity and Operational Efficiency. We continuously engage in productivity initiatives with a focus on simplifying our processes, eliminating redundancies and further reducing our cost structure while improving our customer service capabilities. We have achieved significant day one cost savings in the wireline acquisition in California, Texas and Florida in 2016. There are substantial operational cost take-out opportunities that we are aggressively pursuing across all of our properties.

Network Architecture and Technology

Our local exchange carrier networks consist of host central office and remote sites, primarily equipped with digital and Internet Protocol switches. The outside plant consists of transport and distribution delivery networks connecting our host central office with remote central offices and ultimately with our customers. We own fiber optic and copper cable, which have been deployed in our networks and are the primary transport technologies between our host and remote central offices and interconnection points with other incumbent carriers.

We have expanded and enhanced our fiber optic and copper transport systems to support increasing customer demand for high bandwidth transport services. We routinely enhance our network and upgraded with the latest Internet Protocol Transport and routing equipment, Reconfigurable Optical Add/Drop Multiplexers (ROADM) transport systems, Very High Bit-Rate Digital Subscriber Line (VDSL) broadband equipment, and VoIP switches. These systems will support advanced services such as Ethernet, Dedicated Internet, Multiprotocol Label Switching (MPLS) transport, and VoIP. The network is designed with redundancy and auto-failover capability on our major circuits.

We connect to the households and business locations in our service territory using a combination of fiber optic and copper technologies. In some cases we provide direct fiber into a residence or a business premises. In other cases a location is served with a hybrid combination of fiber and copper. Residences in our service territory are served by fiber-to-the-home (FTTH) and by fiber-to-the-node (FTTN), meaning fiber carries the traffic to an intermediate location where the signals are converted to copper wire for the final delivery to the household. We provide data, video, and voice services to the customer over both of these architectures.

As of December 31, 2016, our broadband availability to the households throughout Frontier's territories is as follows:

(Downstream speed capability)	Number of Households (in millions)	% of Households with capability
Up to 10 Mbps	13.4	88%
10 Mbps and above	8.9	58%
25 Mbps and above	6.0	39%
50 Mbps and above	4.5	29%
100 Mbps and above	3.6	24%
No broadband capability	1.8	12%
Total Households	15.2	

In certain markets, we have begun to offer residential broadband services with 1 gigabit download speed capabilities.

Rapid and significant changes in technology are occurring in the communications industry. Our success will depend, in part, on our ability to anticipate and adapt to technological changes. We believe that our existing network architecture strategy will enable us to respond to these ongoing technological changes efficiently. In addition, we anticipate reducing costs through the sharing of best practices across operations, centralization or standardization of functions and processes, and deployment of technologies and systems that provide for greater efficiencies and

profitability. We will continue to make strategic enhancements to our network, with a focus on higher return investments.

Competitive Positioning

Competition for residential customers comes from cable operators, wireless carriers and online video providers, among others.

- *Cable operators*: in a majority of our markets, cable operators offer high speed Internet, video and voice services than we do and compete with us aggressively on speed and price by marketing their offerings with significant promotional period pricing.

- *Wireless carriers*: primarily compete with us for broadband, video, and voice services in our markets by offering increasingly larger data packages to mobile customers. The percentage of homes with a landline telephone has been declining, a trend we expect will continue.

- *Online video providers*: many consumers are opting for internet-delivered video services (Over the Top, or OTT) through providers such as Netflix, Hulu, Amazon, YouTube and DirecTV Now rather than traditional, multi-channel video. In response, we have made investments in our network to deliver OTT video content to consumers who might not opt for traditional video services.

Many residential customers prefer to bundle their voice, data and Internet and video services with a single provider. In areas where we do not directly offer a network based video service, we offer satellite TV video service through DISH. This can impact acquisition of new customers and retention of existing customers, representing a critical factor for the attachment of video, broadband and voice products. As of December 31, 2016 34% of our residential customers subscribed to at least two service offerings, and 19% subscribed to at least three service offerings.

Competition for business customers comes from telecommunications providers, cable operators, CLECs and other enterprises, some of which are substantially larger than us. As compared to our residential customers, these customers often require more sophisticated and more data-centered solutions (e.g., IP PBX, E911 networks, Ethernet, SIP trunking).

In order to remain competitive, we must continue to evolve our product offerings to remain current with the changing needs of the market, to provide strong customer service and support, to invest in our network so we maintain adequate capacity and can deliver new capabilities as needed, and to package our offerings to make them attractive to customers.

Regulatory Environment

Some of our operations are subject to regulation by the FCC and various state regulatory agencies, often called public service or utility commissions. We expect federal and state lawmakers, the FCC and the state regulatory agencies to continue to revise the statutes and regulations governing communications services.

Regulation of our business

We are subject to federal, state and local regulation and we have various regulatory authorizations for our regulated service offerings. At the federal level, the FCC generally exercises jurisdiction over information services, interstate or international telecommunications services and over facilities to the extent they are used to provide, originate or terminate interstate or international services. State regulatory commissions generally exercise jurisdiction over intrastate telecommunications services and the facilities used to provide, originate or terminate those services. Most of our local exchange companies operate as incumbent carriers in the states in which they operate and are certified in those states to provide local telecommunications services. In addition, local governments often regulate the public rights-of-way necessary to install and operate networks, and may require service providers to obtain licenses or franchises regulating their use of public rights-of-way. Municipalities and other local government agencies also may regulate other limited aspects of our business, by requiring us to obtain cable franchises and construction permits and to abide by applicable building codes.

Some states regulatory agencies have substantial oversight over incumbent telephone companies, and their interconnection with competitive providers and provision of non-discriminatory network access to certain network elements to them. Under the Federal Telecommunications Act of 1996, state regulatory commissions have jurisdiction to arbitrate and review interconnection disputes and agreements between incumbent telephone companies and

competitive local exchange carriers, in accordance with rules set by the FCC. The FCC and state regulatory commissions also impose fees on providers of telecommunications services to support state universal service programs. Many of the states in which we operate require prior approvals or notifications for certain acquisitions and transfers of assets, customers, or ownership of regulated entities.

In addition, in some states we are subject to operating restrictions and minimum service quality standards (the failure to meet such restrictions may result in penalties). We also are required to report certain financial information. At the federal level and in a number of the states in which we operate, we are subject to price cap or incentive regulation plans under which prices for regulated services are capped. Some of these plans have limited terms and, as they expire, we may need to renegotiate with various states. These negotiations could impact rates, service quality and/or infrastructure requirements, which could also impact our earnings and capital expenditures. In other states in which we operate, we are subject to rate of return regulation that limits levels of earnings and returns on investments. Approximately 19% of our total access lines at December 31, 2016 are in state jurisdictions under the rate of return regulatory model. We will continue to advocate for no or reduced regulation with various regulatory agencies in those states. In some of our states, we have already been successful in reducing or eliminating price regulation on end-user services.

Federal Regulatory Environment

Frontier, along with all telecommunications providers, is subject to FCC rules governing privacy of specified customer information. Among other things, these rules obligate carriers to implement procedures to: protect specified customer information from inappropriate disclosure; obtain customer permission to use specified information in marketing; authenticate customers before disclosing account information; and annually certify compliance with the FCC's rules. Although most of these regulations are generally consistent with our business plans, they may restrict our flexibility in operating our business.

Some regulations are, or could in the future be, the subject of judicial proceedings, legislative hearings and administrative proposals or challenges that could change the manner in which the entire industry operates. Neither the outcome of any of these developments, nor their potential impact on us, can be predicted at this time. Regulation can change rapidly in the communications industry, and such changes may have an adverse effect on us.

The current status of material regulatory initiatives is as follows:

Federal High-Cost Subsidies: The FCC has adopted rules changing the eligibility requirements for federal subsidies offered to wireline carriers providing service to high-cost, low-density markets, as well as the amounts of such subsidies, as follows:

Connect America Fund (CAF): On November 18, 2011, the FCC adopted the Universal Service Fund (USF)/Intercarrier Compensation (ICC) Report and Order (the 2011 Order), which changed how federal subsidies are calculated and disbursed, and began the transition of Federal USF (Universal Service Fund), which supported voice services in high-cost areas, to the CAF, which supports broadband deployment in high-cost areas. Frontier received $133 million from 2012 through 2014 across two rounds of CAF Phase I funding to make broadband available to approximately 194,600 previously unserved or underserved households. We completed deployment of broadband service to the first round of CAF Phase I households in 2015 as required by the FCC rules and will complete the second round of CAF Phase I build by the March 2017 deadline.

On April 29, 2015, the FCC released offers of support to price cap carriers under the CAF Phase II program. The intent of these offers is 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. Frontier accepted the CAF Phase II offer in 29 states, including our CTF properties, which provides for $332 million in annual support, through 2020 and a commitment to make broadband available to approximately 774,000 households. CAF Phase II support is a successor to the approximately $156 million in annual USF frozen high cost support that Frontier had been receiving prior to the CTF acquisition, and the $42 million in annual transitional USF frozen high cost support that Verizon had been receiving in California and Texas. 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. The frozen support phasedown support was $35 million in 2015 and $27 million in 2016, and is expected to be $17 million in 2017 and $6 million in 2018.

In 2017, the FCC is expected to adopt a competitive bidding process to continue to distribute CAF Phase II funding in those high-cost areas where price cap carriers declined the FCC's offer of support, possibly presenting a new

support and deployment opportunity. The FCC's competitive bidding process has not yet been finalized, therefore, Frontier is unable to determine whether it will participate in any competitive bid process at this time.

Intercarrier Compensation: In the 2011 Order, the FCC also reformed Intercarrier Compensation, which is the payment framework that governs how carriers compensate each other for the exchange of interstate switched traffic, and began a multi-year transition to the new rates. The 2011 Order provided for the gradual elimination of terminating traffic charges by July 2017 with a related decline in operating expenses. Switched access revenue declined sequentially in the third quarter of 2016, reflecting the rate reductions mandated by the 2011 Order, and we anticipate that we have experienced nearly all of the rate decline related to the 2011 Order. Frontier has been able to recover a significant portion of those lost revenues through end user rates and other replacement support mechanisms, a trend we expect will continue through 2017 and beyond. There are no longer any active Intercarrier Compensation-related challenges to the 2011 Order, and we believe that the 2011 Order provides a stable regulatory framework to facilitate our ongoing focus on the deployment of broadband into our rural markets.

Special Access: The FCC also has an ongoing proceeding, which dates back to 2015, to consider whether to make changes to its regulatory regime governing special access services, including whether to mandate lower rates, change standards for deregulation and pricing flexibility, or to require changes to other terms and conditions. In connection with its inquiry into specifically identified special access tariff pricing plans discussed below, on April 28, 2016, the FCC released a Notice of Proposed Rulemaking on special access or "business data" services. It sought comment on proposed changes to the way the FCC regulates traditional special access services based on market competition, and on a proposal to adopt pricing rules for Ethernet services in markets that are found to be "noncompetitive." On October 7, 2016, the FCC released a Fact Sheet detailing former FCC Chairman Wheeler's proposal for addressing special access issues, though this proposal was never adopted. The composition of the FCC has since changed following the Presidential election, and as a result the proceeding remains open and the potential impact to Frontier of this proceeding is unknown.

On April 28, 2016, the FCC completed its inquiry into whether certain terms and conditions contained in specifically identified special access tariff pricing plans offered by four carriers, including Frontier, are just and reasonable. The FCC held that certain of the tariff terms for business data TDM services, specifically DS1s and DS3s, were unreasonable. Specifically, the FCC struck down "excessive" early termination fees and "all-or-nothing" provisions. Frontier has revised its tariffs in accordance with the FCC's Order. The FCC's decision has no retroactive effect, and there has been no material impact to Frontier from it. The FCC deferred the issue of how its ruling will affect customers currently purchasing services from these tariffs to the Notice of Proposed Rulemaking mentioned above.

Intrastate Services: Some state regulatory commissions regulate some of the rates ILECs charge for intrastate services, including rates for intrastate access services paid by providers of intrastate long distance services. Some states also have their own open proceedings to address reform to intrastate access charges and other intercarrier compensation and state universal service funds. Although the FCC has pre-empted state jurisdiction on most access charges, some states could consider moving forward with their proceedings. We cannot predict when or how these matters will be decided or the effect on our subsidy or switched access revenues.

Voice Over Internet Protocol (VoIP): Regulators at both the federal and state levels continue to address whether VoIP services are subject to the same or different regulatory and intercarrier compensation regimes as traditional voice telephony. The FCC has concluded that VoIP and facilities-based broadband Internet access providers must comply with the Communications Assistance for Law Enforcement Act, a decision that the United States Court of Appeals for the District of Columbia Circuit has upheld. The FCC has also required VoIP providers to provide enhanced 911 emergency calling capabilities. In the 2011 Order, the FCC determined that VoIP-originated traffic terminating on the Public Switched Telephone Network is subject to interstate access rates. Effective December 29, 2011, the 2011 Order required providers to pay interstate access rates for the termination of VoIP toll traffic. On April 25, 2012, the FCC, in an Order on Reconsideration, specified that changes to originating access rates for VoIP traffic would not be implemented until July 2014. The 2011 Order was challenged in court, and the FCC was petitioned to reconsider various aspects. While most challenges have been resolved, on November 18, 2016, the U.S. Court of Appeals for the D.C. Circuit remanded to the FCC AT&T's challenge regarding the ability of competitive carriers to assess VoIP access charges. The net impact of the 2011 Order during the period from July 2012 through December 2014 was not significant for Frontier. The net effect of 2011 Order changes to originating access after July 1, 2014 is dependent upon the percentage of VoIP traffic.

Additionally, the 2011 Order requires VoIP providers to pay interstate terminating interconnection charges and requires all carriers terminating traffic to provide appropriate call information, thus prohibiting so-called "phantom

traffic." However, the FCC declined to address other VoIP-related issues, and the FCC has stated its intent to address open questions regarding the treatment of VoIP services in its ongoing "IP-Enabled Services Proceeding." Internet telephony may have an advantage in the marketplace over our traditional services if this service remains less regulated.

Current and potential Internet regulatory obligations: On June 14, 2016, the United States Court of Appeals for the D.C. Circuit upheld the FCC's 2015 Order in which the FCC asserted jurisdiction over broadband service, utilizing its jurisdictional authority under Title II and Section 706 of the Communications Act of 1996, classified broadband service as a "telecommunications service". The FCC adopted rules to "preserve a Free and Open Internet" (i.e., net neutrality) that impose specific obligations for fixed and mobile providers of broadband Internet access services and specifically prohibit the following: blocking access to legal content, applications, services, or non-harmful devices; impairing or degrading lawful Internet traffic on the basis of content, applications, services, or non-harmful devices; favoring some lawful Internet traffic over other lawful traffic in exchange for consideration; and otherwise unreasonably harming consumers or edge providers. These obligations are largely consistent with the practices Frontier already had in place. The FCC also announced additional transparency requirements, which allow for a "safe harbor" disclosure framework, intended to provide consumers more information about a provider's network management practices, performance, speed, price, and data caps.

Several parties have asked the D.C. Circuit to reconsider its decision and, depending on the outcome, are likely to ask the Supreme Court to review the Order. Frontier continues to comply with the existing regulatory requirements, and it is unclear whether the pending appeal will have any impact on the regulatory structure.

In addition to the net neutrality rules, the FCC on October 27, 2016, relied on its newfound Title II authority to promulgate privacy rules for broadband providers. These rules govern how broadband providers can use sensitive customer information and the steps providers must take to protect that information. Petitions for reconsideration of these rules were due in January 2017, and whether these rules will remain in place is uncertain, particularly due to the change in administration.

Video programming

Federal, state and local governments extensively regulate the video services industry. Our FiOS and Vantage video services are subject to, among other things: subscriber privacy regulations; requirements that we carry a local broadcast station or obtain consent to carry a local or distant broadcast station; rules for franchise renewals and transfers; the manner in which program packages are marketed to subscribers; and program access requirements.

We provide video programming in some of our markets in California, Connecticut, Florida, Indiana, Minnesota, North Carolina, Oregon, South Carolina, Texas and Washington pursuant to franchises, permits and similar authorizations issued by state and local franchising authorities. Most franchises are subject to termination proceedings in the event of a material breach. In addition, most franchises require payment of a franchise fee as a requirement to the granting of authority.

Many franchises establish comprehensive facilities and service requirements, as well as specific customer service standards and monetary penalties for non-compliance. In many cases, franchises are terminable if the franchisee fails to comply with material provisions set forth in the franchise agreement governing system operations. We believe that we are in compliance and meeting all material standards and requirements. Franchises are generally granted for fixed terms of at least ten years and must be periodically renewed. Local franchising authorities may resist granting a renewal if either past performance or the prospective operating proposal is considered inadequate.

Environmental regulation

The local exchange carrier subsidiaries we operate are subject to federal, state and local laws and regulations governing the use, storage, disposal of, and exposure to hazardous materials, the release of pollutants into the environment and the remediation of contamination. As an owner and former owner of property, we are subject to environmental laws that could impose liability for the entire cost of cleanup at contaminated sites, including sites formerly owned by us, regardless of fault or the lawfulness of the activity that resulted in contamination. We believe that our operations are in substantial compliance with applicable environmental laws and regulations.

Segment Information

We currently operate in only one reportable segment.

Financial Information about Foreign and Domestic Operations and Export Sales

We have no foreign operations.

General

The dollar amount of our order backlog is not a significant consideration in our business and is not a meaningful metric for us. We have no material contracts or subcontracts that may be subject to renegotiation of profits or termination at the election of the federal government.

Intellectual Property

We believe that we have the trademarks, trade names and intellectual property licenses that are necessary for the operation of our business.

Employees

As of December 31, 2016, we had approximately 28,300 employees, as compared to approximately 19,200 employees as of December 31, 2015. During 2016, reduction in workforce activities resulted in the severance of approximately 1,950 employees of which approximately 450 employees remained as employees as of December 31, 2016. Approximately 17,900 of our total employees are represented by unions. The number of employees covered by a collective bargaining agreement that expired in 2016, but have been extended and are still effective for 2017, is approximately 600. The number of employees covered by collective bargaining agreements that expire in 2017 is approximately 3,800. We consider our relations with our employees to be good.

Available Information

We are subject to the informational requirements of the Securities Exchange Act of 1934 (the Exchange Act). Accordingly, we file periodic reports, proxy statements and other information with the Securities and Exchange Commission (SEC). These reports, proxy statements and other information may be obtained by visiting the Public Reference Room of the SEC at 100 F Street, NE, Washington, D.C. 20549 or by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an Internet site (www.sec.gov) that contains reports, proxy and information statements and other information regarding Frontier and other issuers that file electronically.

We make available, free of charge on our website, our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as practicable after we electronically file these documents with, or furnish them to, the SEC. These documents may be accessed through our website at www.frontier.com under “Investor Relations.” The information posted or linked on our website is not part of this report. We also make our Annual Report available in printed form upon request at no charge.

We also make available on our website, as noted above, or in printed form upon request, free of charge, our Corporate Governance Guidelines, Code of Business Conduct and Ethics, Specific Code of Business Conduct and Ethics Provisions for Certain Officers, and the charters for the Audit, Compensation, and Nominating and Corporate Governance committees of the Board of Directors. Stockholders may request printed copies of these materials by writing to: 401 Merritt 7, Norwalk, Connecticut 06851 Attention: Corporate Secretary.

Forward-Looking Statements

This Annual Report on Form 10-K contains "forward-looking statements," related to future, not past, 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," "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:

- 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;
- our ability to implement successfully our organizational structure changes;
- risks related to the operation of properties acquired from Verizon, including our ability to retain or obtain customers in those markets, our ability to realize anticipated cost savings, and our ability to meet commitments made in connection with the acquisition;
- reductions in revenue from our voice customers that we cannot offset with increases in revenue from broadband and video subscribers and sales of other products and services;
- our ability to maintain relationships with customers, employees or suppliers;
- the impact of regulation and regulatory, investigative and legal proceedings and legal compliance risks;
- 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;
- our ability to effectively manage service quality in our territories and meet mandated service quality metrics;
- our ability to successfully introduce new product offerings;
- the effects of changes in accounting policies or practices, including potential future impairment charges with respect to our intangible assets;
- our ability to effectively manage our operations, operating expenses, capital expenditures, debt service requirements and cash paid for income taxes and liquidity, which may affect payment of dividends on our common and preferred shares;
- the effects of changes in both general and local economic conditions on the markets that we serve;
- the effects of increased medical expenses and pension and postemployment expenses;
- the effects of changes in income tax rates, tax laws, regulations or rulings, or federal or state tax assessments;
- our ability to successfully renegotiate union contracts;
- changes in pension plan assumptions, interest 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 2017 and beyond;
- adverse changes in the credit markets;
- adverse changes in the ratings given to our debt securities by nationally accredited ratings organizations;
- the availability and cost of financing in the credit markets;
- covenants in our indentures and credit agreements that may limit our operational and financial flexibility;
- the effects of state regulatory cash management practices that could limit our ability to transfer cash among our subsidiaries or dividend funds up to the parent company;
- the effects of severe weather events or other natural or man-made disasters, which may increase our operating expenses or adversely impact customer revenue; and

- the impact of potential information technology or data security breaches or other disruptions.

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, as well as the risks set forth under Item 1A. "Risk 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.

Item 1A. Risk Factors

Before you make an investment decision with respect to any of our securities, you should carefully consider all the information we have included in this Annual Report on Form 10-K and our subsequent periodic filings with the SEC. In particular, you should carefully consider the risk factors described below and the risks and uncertainties related to "Forward-Looking Statements," any of which could materially adversely affect our business, operating results, financial condition and the actual outcome of matters as to which forward-looking statements are made in this annual report. The risks and uncertainties described below are not the only ones facing Frontier. Additional risks and uncertainties that are not presently known to us or that we currently deem immaterial or that are not specific to us, such as general economic conditions, may also adversely affect our business and operations. The following risk factors should be read in conjunction with the balance of this annual report, including the consolidated financial statements and related notes included in this report.

Risks Related to Our Business

We will likely face further reductions in voice customers, switched access minutes of use, long distance revenues and subsidy revenues.

We have experienced declining voice customers, switched access minutes of use and related revenues, long distance revenues, federal and state subsidies and related revenues because of economic conditions, increasing competition, changing technology and consumer behavior (such as wireless displacement of wireline use, e-mail use, instant messaging and increasing use of VoIP), technology and regulatory constraints, and financial decisions by governmental authorities. We will likely continue to experience further reductions in the future. These factors, among others, are likely to cause our local network service, switched network access, long distance and subsidy revenues to continue to decline, and these factors may cause our cash generated by operations to decrease.

We face intense competition.

The communications industry is extremely competitive. Through mergers and various service expansion strategies, service providers are striving to provide integrated solutions both within and across geographic markets. Our competitors include competitive local exchange carriers, Internet service providers, wireless companies, OTT, VoIP providers and cable companies, some of which may be subject to less regulation than we are; these entities may provide services competitive with the services that we offer or intend to introduce. We also believe that wireless and cable telephony providers have increased their penetration of various services in our markets. We expect that competition will remain robust. Our revenue and cash flow will be adversely impacted if we cannot reverse our customer losses or continue to provide high-quality services.

We cannot predict which of the many possible future technologies, products or services will be important in order to maintain our competitive position or what expenditures will be required to develop and provide these technologies, products or services. Our ability to compete successfully will depend on the effectiveness of capital expenditure investments in our properties, our marketing efforts, our ability to anticipate and respond to various competitive factors affecting the industry, including a changing regulatory environment that may affect our business and that of our competitors differently, new services that may be introduced, changes in consumer preferences, demographic trends, economic conditions and pricing strategies by competitors. Increasing competition may reduce our revenues and increase our marketing and other costs as well as require us to increase our capital expenditures and thereby decrease our cash flows.

Some of our competitors have superior resources, which may place us at a cost and price disadvantage.

Some of our competitors have market presence, engineering, technical, marketing and financial capabilities, substantially greater than ours. In addition, some of these competitors are able to raise capital at a lower cost than we are able to. Consequently, some of these competitors may be able to develop and expand their communications and network infrastructures more quickly, adapt more swiftly to new or emerging technologies and changes in customer requirements, take advantage of acquisition and other opportunities more readily and devote greater resources to the marketing and sale of their products and services than we will be able to. Additionally, the greater brand name recognition of some competitors may require us to price our services at lower levels in order to retain or

obtain customers. Finally, the cost advantages and greater financial resources of some of these competitors may give them the ability to reduce their prices for an extended period of time if they so choose. Our business and results of operations may be materially adversely impacted if we are not able to effectively compete.

We may be unable to stabilize or grow our revenues and cash flows despite the initiatives we have implemented.

We must produce adequate revenues and 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, fund our pension and other employee benefit obligations and pay dividends pursuant to our dividend policy. We have experienced revenue declines in 2016 and 2015 as compared to prior years for our Frontier legacy operations, and our recently acquired operations have also experienced revenue declines. While we have identified potential areas of opportunity and implemented several revenue and cost initiatives, we cannot assure you that these efforts will be successful or that these initiatives will improve our financial position or our results of operations.

Weak economic conditions may decrease demand for our services or necessitate increased discounts.

We could be adversely impacted by weak economic conditions or their effects. Downturns in the economy and competition in our markets could cause some of our customers to reduce or eliminate their purchases of our basic and enhanced voice services, broadband and video services and make it difficult for us to obtain new customers or retain existing customers. In addition, if economic conditions are depressed or further deteriorate, our customers may delay or discontinue payment for our services or seek more competitive pricing from other service providers, or we may be required to offer increased discounts in order to retain our customers, which could have a material adverse effect on our business or results of operations.

Disruption in our networks, infrastructure and information technology may cause us to lose customers and/or incur additional expenses.

To attract and retain customers, we must provide reliable service. Some of the risks to our networks, infrastructure and information technology include physical damage, security breaches, capacity limitations, power surges or outages, software defects and other disruptions beyond our control, such as natural disasters and acts of terrorism. From time to time in the ordinary course of business, we experience short disruptions in our service due to factors such as cable damage, theft of our equipment, inclement weather and service failures of our third-party service providers. We could experience more significant disruptions in the future. We could also face disruptions due to capacity limitations if changes in our customers' usage patterns for our broadband services result in a significant increase in capacity utilization, such as through increased usage of video or peer-to-peer file sharing applications. Disruptions may cause interruptions in service or reduced capacity for customers, either of which could cause us to lose customers and/or incur additional expenses, and thereby adversely affect our business, revenues and cash flows.

Our business is sensitive to the creditworthiness of our wholesale customers.

We have substantial business relationships with other communications carriers for which we provide service. While bankruptcies of these carriers have not had a material adverse effect on our business in recent years, future bankruptcies in the industry could result in the loss of significant customers, as well as cause more price competition and an increased allowance for doubtful accounts receivable. Such bankruptcies may be more likely in the future if economic conditions stagnate. As a result, our revenues and results of operations could be materially and adversely affected.

A significant portion of our workforce is represented by labor unions.

As of December 31, 2016, we had approximately 28,300 employees. Approximately 17,900 of our total employees were represented by unions and were subject to collective bargaining agreements. As of December 31, 2016, we had approximately 600 employees covered by a collective bargaining agreement that expired in 2016, but have been extended and are still effective for 2017. Of the union-represented employees as of December 31, 2016, approximately 3,800, or 21%, of the unionized workforce are covered by collective agreements that expire in 2017 and approximately 3,500, or 20%, of the unionized workforce are covered by collective bargaining agreements that expire in 2018.

We cannot predict the outcome of negotiations of the collective bargaining agreements covering our employees. If we are unable to reach new agreements or renew existing agreements, employees subject to collective bargaining agreements may engage in strikes, work slowdowns or other labor actions, which could materially disrupt our ability to provide services. New labor agreements or the renewal of existing agreements may impose significant new costs on us, which could adversely affect our financial condition and results of operations in the future.

If we are unable to hire or retain key personnel, we may be unable to operate our business successfully.

Our success will depend in part upon the continued services of our management. We cannot guarantee that our key personnel will not leave or compete with us. The loss, incapacity or unavailability for any reason of key members of our management team could have a material impact on our business. In addition, our financial results and our ability to compete will suffer if we are unable to attract, integrate or retain other qualified personnel in the future.

We may be unable to realize the anticipated benefits of recent acquisitions.

In recent years, we have completed multiple acquisitions. We cannot assure you that we will be able to realize the full benefit of any anticipated growth opportunities or cost synergies from such acquisitions or that these benefits will be realized within the expected time frames.

We may complete a future significant strategic transaction that may not achieve intended results or could increase the number of our outstanding shares or amount of outstanding debt.

We continuously evaluate and may in the future enter into additional strategic transactions. Any such transaction could happen at any time, could be material to our business and could take any number of forms, including, for example, an acquisition, merger or a sale of certain of our assets.

Evaluating potential transactions and integrating completed ones may divert the attention of our management from ordinary operating matters. The success of these potential transactions will depend, in part, on our ability to realize the anticipated growth opportunities and cost synergies through the successful integration of the businesses we acquire with our existing business. Even if we are successful in integrating acquired businesses, we cannot assure you that these integrations will result in the realization of the full benefit of any anticipated growth opportunities or cost synergies or that these benefits will be realized within the expected time frames. In addition, acquired businesses may have unanticipated liabilities or contingencies.

If we complete an acquisition, investment or other strategic transaction, we may require additional financing that could result in an increase in the number of our outstanding shares of stock or the aggregate amount and/or cost of our debt, which may result in an adverse impact to our ratings. The number of shares of our stock or the aggregate principal amount of our debt that we may issue may be significant. Moreover, the terms of any debt financing may be expensive or adversely impact our results of operations.

Negotiations with the providers of content for our video systems may not be successful, potentially resulting in our inability to carry certain programming channels on our FiOS and Vantage video systems, which could result in the loss of subscribers. Alternatively, because of the power of some content providers, we may be forced to pay an increasing amount for some content, resulting in higher expenses and lower profitability.

We must negotiate with the content owners of the programming that we carry on our multichannel video systems (marketed as FiOS video and Vantage video). These content owners are the exclusive provider of the channels they offer. If we are unable to reach a mutually-agreed contract with a content owner, including pricing and carriage provisions, our existing agreements to carry this content may not be renewed, resulting in the blackout of these channels. The loss of content could result in our loss of customers who place a high value on the particular content that is lost. In addition, many content providers own multiple channels. As a result, we typically have to negotiate the pricing for multiple channels rather than one, and carry and pay for content that customers do not much value, in order to have access to other content that customers value quite highly. Some of our competitors have materially larger scale than we do, and may, as a result, be better positioned than we are in such

negotiations. As a result of these factors, the expense of content acquisition may continue to increase, and this could result in higher expenses and lower profitability.

Risks Related to Liquidity, Financial Resources and Capitalization

We expect to make contributions to our pension plan in future years, the amount of which will be impacted by *volatility in asset values related to Frontier's pension plan and/or changes in pension plan assumptions.*

Frontier made contributions of $28 million and $62 million to its pension plan in 2016 and 2015, respectively, and we expect to continue to make contributions in future years. Volatility in our asset values, liability calculations, or returns may impact the costs of maintaining our pension plan and our future funding requirements. Any future material contribution could have a negative impact on our liquidity by reducing cash flows.

We currently have a significant amount of indebtedness, including secured indebtedness, and are able to incur substantial additional indebtedness and grant substantial additional liens in the future. Such debt and debt service obligations may adversely affect us.

We have a significant amount of indebtedness, which amounted to $18.2 billion outstanding at December 31, 2016, of which $2.3 billion was secured. We also have access to a $750 million secured Revolving Credit Facility, which currently is undrawn.

The terms of our indentures and credit facilities allow us to incur substantial additional indebtedness and grant substantial additional liens in the future. In addition, these terms do not prevent us or our restricted subsidiaries from incurring various types of obligations that do not constitute "indebtedness" under these terms.

If we incur any additional indebtedness that ranks equally with our senior notes and debentures, the holders of that new debt will be entitled to share ratably with holders of our senior notes and debentures in any proceeds distributed in connection with any insolvency, liquidation, reorganization, dissolution or other winding up of Frontier. If any such additional indebtedness is secured, it will be effectively senior to our unsecured senior notes and debentures to the extent of the collateral securing such indebtedness. This may have the effect of reducing the probability of payment, or the amount of proceeds paid, to holders of our senior notes and debentures.

In addition, to the extent other new debt is added to our and our subsidiaries' current debt levels, the substantial leverage risks described below would increase.

The potential significant negative consequences on our financial condition and results of operations that could result from our substantial debt include:

- limitations on our ability to obtain additional debt or equity financing on favorable terms or at all;
- instances in which we are unable to comply with the covenants contained in our indentures and credit agreements or to generate cash sufficient to make required debt payments, which circumstances have the potential of accelerating the maturity of some or all of our outstanding indebtedness;
- the allocation of a substantial portion of our cash flow from operations to service our debt, thus reducing the amount of our cash flows available for other purposes, including capital expenditures and dividends that would otherwise improve our competitive position, results of operations or stock price;
- requiring us to issue debt or equity securities or to sell some of our core assets, possibly on unfavorable terms, to meet payment obligations;
- compromising our flexibility to plan for, or react to, competitive challenges in our business and the telecommunications industry; and
- the possibility of our being put at a competitive disadvantage with competitors who; relative to their size, do not have as much debt as we do, and competitors who may be in a more favorable position to access additional capital resources.

In addition, our senior notes and debentures are rated below “investment grade” by independent rating agencies. This can result in higher borrowing costs for us. We cannot assure you that these rating agencies will not lower our current debt ratings, if in the rating agencies’ judgment such an action is appropriate. A lowering of a rating may further increase our future borrowing costs and reduce our access to capital.

The indentures and agreements governing our debt, including our senior notes and debentures and our credit facilities, contain covenants that impose restrictions on us and certain of our subsidiaries that may affect our ability to operate our business, make payments on our debt, and pay dividends.

The indentures and agreements governing our existing indebtedness contain covenants that, among other things, limit our ability and the ability of certain of our subsidiaries to:

- incur additional indebtedness, guarantee indebtedness or issue preferred stock;
- create liens;
- enter into mergers or consolidations, or transfer or sell all or substantially all of our assets;
- pay dividends on, or make distributions in respect of, or redeem or repurchase, capital stock, make certain investments or make other restricted payments;
- make certain asset sales;
- enter into agreements that might prevent certain of our subsidiaries from making distributions, loans or advances to us or other subsidiaries; and
- engage in transactions with affiliates.

In addition, our credit facilities require us to comply with additional covenants, including financial ratios. Any future indebtedness may also require us to comply with similar or other covenants. These restrictions on our ability to operate our business could seriously harm our business by, among other things, limiting our ability to take advantage of financings, mergers, acquisitions and other corporate opportunities.

Various risks, uncertainties and events beyond our control could affect our ability to comply with these covenants. Failure to comply with any of the covenants in our existing or future financing indentures and agreements could result in a default under those documents and under other agreements containing cross-default provisions. A default would permit lenders to accelerate the maturity of the debt 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. In addition, the limitations imposed by indentures and credit agreements on our ability to incur additional debt and to take other actions might significantly impair our ability to obtain other financing.

Frontier is primarily a holding company and, as a result, we rely on the receipt of funds from our subsidiaries in order to meet our cash needs and service our indebtedness, including our senior notes and debentures.

Frontier is primarily a holding company and its principal assets consist of the shares of capital stock or other equity instruments of its subsidiaries. As a holding company, we depend on dividends, distributions and other payments from our subsidiaries to fund our obligations, including those arising under our senior notes and debentures, and meet our cash needs. We cannot assure you that the operating results of our subsidiaries at any given time will be sufficient to make dividends, distributions or other payments to us in order to allow us to make payments on our indebtedness, including our senior notes and debentures. In addition, the payment of these dividends, distributions and other payments, as well as other transfers of assets, between our subsidiaries and from our subsidiaries to us may be subject to legal, regulatory or contractual restrictions. Some state regulators have imposed and others may consider imposing on regulated companies, including us, cash management practices that could limit the ability of such regulated companies to transfer cash between subsidiaries or to the parent company. While none of the existing state regulations materially affects our cash management, any changes to the existing regulations or imposition of new regulations or restrictions may materially adversely affect our ability to transfer cash within our consolidated companies.

Our senior notes and debentures are structurally subordinated to liabilities of our subsidiaries.

Our subsidiaries have not guaranteed our senior notes and debentures. As a result, holders of such securities will not have any claim as a creditor against our subsidiaries. Accordingly, all obligations of our subsidiaries (including any liens granted by our subsidiaries on any of their assets to secure any of our obligations) will have to be satisfied before any of the assets of such subsidiaries would be available for distribution, upon a liquidation or otherwise. Although the indentures governing our senior notes and debentures, and our credit agreements, limit the indebtedness our subsidiaries may incur, our subsidiaries are able to incur a substantial amount of additional debt. Additionally, although the indentures and credit agreements limit the liens that may be granted on the assets of our subsidiaries, our subsidiaries are able to grant liens to secure a substantial amount of liabilities, including, without limitation, certain indebtedness under our credit facilities.

Our senior notes and debentures are unsecured and subordinated to any secured indebtedness.

Our senior notes and debentures are unsecured and therefore are subordinated to our existing and future secured indebtedness, to the extent of the value of the assets securing such indebtedness. At December 31, 2016, our secured indebtedness consisted of obligations under the 2015 Credit Agreement, the CoBank Credit Agreements, the Revolving Credit Agreement and the Continuing Agreement for Standby Letters of Credit dated February 4, 2008 between Frontier and Deutsche Bank AG New York Branch, each of which is secured equally and ratably by a pledge of all of the outstanding shares of capital stock of Frontier North Inc., a wholly-owned subsidiary. In the event of a bankruptcy or similar proceeding, the assets that serve as collateral for our secured indebtedness will be available to satisfy the obligations under the secured indebtedness before any payments are made on the senior notes and debentures from the proceeds of such assets. The indentures governing our senior notes and debentures permit us, subject to specified limitations, to incur a substantial amount of additional secured debt.

If the senior notes issued in September 2015 are rated investment grade by at least two of Moody's, S&P or Fitch, many of the covenants will not apply and the holders of the notes will lose the protection of the covenants.

Each of the supplemental indentures governing our senior notes issued in September 2015 contain certain covenants that will be suspended during any period in which such series of notes are rated investment grade by at least two of Moody's, S&P or Fitch and no default or event of default has occurred and is continuing. Such covenants limit, among other things, our ability to pay distributions, incur debt and enter into certain other transactions. There can be no assurance that any series of notes will ever be rated investment grade, or that if they are rated investment grade, that the series of notes will maintain these ratings. To the extent the covenants are subsequently reinstated, any such actions taken while the covenants were suspended would not result in an event of default under the supplemental indentures governing the applicable series of notes.

Our variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase.

At December 31, 2016, approximately 12% of our total debt is subject to variable rates of interest. Borrowings under our credit facilities are at variable rates of interest and expose us to interest rate risk. If interest rates were to increase, our debt service obligations on the variable rate indebtedness would increase even though the amount borrowed remained the same, and our net income and cash flows, including cash available for servicing our indebtedness, would correspondingly decrease. In the future, we may enter into interest rate swaps that involve the exchange of floating for fixed rate interest payments in order to reduce interest rate volatility. However, we might not maintain interest rate swaps with respect to all of our variable rate indebtedness, and any swaps we enter into might not fully mitigate our interest rate risk.

We may not have sufficient funds to repurchase our senior notes upon a change of control triggering event.

The terms of our senior notes require us to make an offer to repurchase the notes upon the occurrence of a Change of Control and Ratings Decline (as defined in the indentures governing the notes) at a purchase price equal to 101% of the respective principal amounts of the notes plus accrued and unpaid interest to, but not including, the date of the purchase. It is possible that we would not have sufficient funds at the time of such a change of control triggering event to make the required repurchase of the applicable series of notes and would be required to obtain third party financing to do so. We may not be able to obtain this financing on commercially reasonable terms, or on terms acceptable to us, or at all. In addition, the occurrence of certain change of control events may constitute an event of default under the terms of our credit facilities. Such an event of default would entitle the lenders under our credit facilities to, among other things, cause all outstanding debt thereunder to become due and payable.

We cannot assure that we will be able to continue paying dividends.

The amount and timing of future dividend payments is subject to applicable law and will be made at the discretion of our Board of Directors based on factors such as cash flow and cash requirements, capital expenditure requirements, financial condition and other factors.

Our ability to declare and pay dividends on the Series A Preferred Stock may be limited.

Our declaration and payment of dividends on the Series A Preferred Stock in the future will be determined by our Board of Directors in its sole discretion and will depend on business conditions, our financial condition, earnings and liquidity and other factors. Our ability to declare and pay dividends and make other distributions with respect to our capital stock, including the Series A Preferred Stock, is restricted by the terms of certain of our existing financing arrangements and may be restricted by the terms of financing arrangements that we enter into in the future. In the event that the agreements governing any such indebtedness restrict our ability to declare and pay dividends in cash on the shares of Series A Preferred Stock, we may be unable to declare and pay dividends in cash on the shares of Series A Preferred Stock unless we can repay or refinance the amounts outstanding under such agreements.

In addition, under Delaware law, our Board of Directors may only declare and pay dividends on shares of our capital stock out of our statutory “surplus” (which is the amount equal to total assets minus total liabilities, in each case at fair market value, minus statutory capital), or if there is no such surplus, out of our net profits for the then current and/or immediately preceding fiscal year. Further, even if we are permitted under our contractual obligations and Delaware law to declare and pay cash dividends on the shares of Series A Preferred Stock, we may not have sufficient cash to do so through the mandatory conversion date of June 29, 2018.

We have a significant amount of goodwill and other intangible assets on our balance sheet. If our goodwill or other intangible assets become impaired, we may be required to record a non-cash charge to earnings and reduce our stockholders' equity.

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, and 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. If our goodwill or other intangible assets are determined to be 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 reduce our stockholders' equity.

Risks Related to Regulation

Changes in federal or state regulations may reduce the switched access charge revenues we receive.

A portion of Frontier's total revenues ($170 million, or 2%, in 2016 and $177 million, or 3%, in 2015) are derived from switched access charges paid by other carriers for services we provide in originating and terminating intrastate and interstate long distance traffic. Frontier expects a portion of our revenues will continue to be derived from switched access charges paid by these carriers for these services. The amount of switched access charge revenues that Frontier will receive for these services is regulated by the FCC and state regulatory agencies and the rate Frontier can charge for terminating switched access is expected to decline in 2017.

In 2011, the FCC adopted the 2011 Order regarding Intercarrier Compensation, which is the payment framework that governs how carriers compensate each other for the exchange of interstate traffic. The 2011 Order began a multi-year transition that moves the rate for terminating traffic to near zero by 2017. Frontier is permitted to recover a significant portion of those revenues through end user rates and other replacement support mechanisms. Additionally, the 2011 Order requires VoIP providers to pay interstate terminating interconnection charges and requires all carriers terminating traffic to provide appropriate call information, thus prohibiting so-called "phantom traffic." The reform of the Universal Service Fund shifts the existing High-Cost portion of the fund from supporting voice services to supporting broadband deployment in high-cost areas. The 2011 Order preempts the states with regard to the regulation of intrastate terminating access rates. The 2011 Order has been challenged in court and the FCC was petitioned to reconsider various aspects of it. The only issue that remains active on appeal is the ability of competitive carriers to assess VoIP access charges.

The FCC also has an ongoing proceeding considering whether to make changes to its regulatory regime governing special access services. When and how these proposed changes will be addressed is unknown and, accordingly, we cannot predict the impact of future changes on our results of operations.

Certain states also have their own open proceedings to address reform to intrastate access charges and other intercarrier compensation and state universal service funds. Although the FCC has pre-empted state jurisdiction on most access charges, many states could consider moving forward with their proceedings. We cannot predict when or how these matters will be decided or the effect on our subsidy or switched access revenues. However, future reductions in our subsidy or switched access revenues may directly affect our profitability and cash flows as those regulatory revenues do not have an equal level of associated variable expenses.

We are reliant on support funds provided under federal and state laws.

A portion of Frontier's total revenues ($626 million, or 7%, in 2016 and $500 million, or 9%, in 2015) are derived from federal and state subsidies for rural and high-cost support, commonly referred to as USF. The FCC's 2011 Order changed how federal subsidies are calculated and disbursed, with these changes being phased-in beginning in July 2012. These changes transition the USF, which supports voice services in high-cost areas, to the CAF, which supports broadband deployment in high-cost areas.

Future reductions in these subsidies, or in our ability to recover such fees, could have a material adverse effect on our business or results of operations.

Frontier and our industry will likely remain highly regulated, and we could incur substantial compliance costs that could constrain our ability to compete in our target markets.

As an incumbent local exchange carrier, some of the services we offer are subject to significant regulation from federal, state and local authorities. This regulation could impact our ability to change our rates, especially on our basic voice services and our access rates, and could impose substantial compliance costs on us. Regulation could constrain our ability to compete and, in some jurisdictions, may restrict our ability to expand our service offerings. In addition, changes to the regulations that govern our business (including any implementation of the 2011 Order or the 2015 Order) may have an adverse effect on our business by reducing the allowable fees that we may charge, imposing additional compliance costs, reducing the amount of subsidies or otherwise changing the nature of our operations and the competition in our industry. At this time it is unknown how these regulations will affect Frontier's operations or ability to compete in the future. This and other FCC rulemakings and state regulatory proceedings, including those relating to intercarrier compensation, universal service and broadband services, could have a substantial adverse impact on our operations.

In addition, on June 14, 2016, the U.S. Court of Appeals for the D.C. Circuit upheld the FCC's February 26, 2015 order that changed the regulatory classification of broadband service from an "information service" to a "telecommunications service". In the Order, the FCC adopted specific obligations for fixed-mobile providers of broadband Internet access services and specifically prohibited the following: blocking access to legal content, applications, services, or non-harmful devices; impairing or degrading lawful Internet traffic on the basis of content, applications, services, or non-harmful devices; favoring some lawful Internet traffic over other lawful Internet traffic in exchange for consideration; and otherwise unreasonably harming consumers or edge providers, and announced additional transparency requirements intended to provide consumers more information about a providers network management practices, performance, speed and data caps.

Our Internet access offerings could become subject to additional laws and regulations as they are adopted or applied to the Internet. As the significance of the Internet expands, federal, state and local governments may pass laws and adopt rules and regulations, or apply existing laws and regulations to the Internet (including Internet access services), and related matters are under consideration in both federal and state legislative and regulatory bodies. We cannot predict whether the outcome of pending challenges to the FCC's order or future proceedings will prove beneficial or detrimental to our competitive position.

Risks Related to Technology

We may be unable to meet the technological needs or expectations of our customers, and may lose customers as a result.

The telecommunications industry is subject to significant changes in technology, and replacing or upgrading our infrastructure to keep pace with such technological changes could result in significant capital expenditures. If we do not replace or upgrade technology and equipment as necessary, we may be unable to compete effectively because we will not be able to meet the needs or expectations of our customers.

In addition, enhancements to product offerings and the management of broadband speed and capacity issues may influence our customers to consider other service providers, such as cable operators or wireless providers. We may be unable to attract new or retain existing customers from cable companies due to their deployment of enhanced broadband and VoIP technology. In addition, new capacity services for wireless broadband technologies may permit our competitors to offer broadband data services to our customers throughout most or all of our service areas. Any resulting inability to attract new or retain existing customers could adversely impact our business and results of operations in a material manner.

Our services could be adversely affected and we may be subject to increased costs and claims in connection with Internet and systems security and malicious practices.

We use encryption and authentication technology licensed from third parties to provide secure transmission of confidential information, including our business data and customer information. We also rely on employees in our network operations centers, data centers, call centers and retail stores to follow our procedures when handling such information. Any unauthorized access, computer viruses, accidental or intentional release of confidential information or other disruptions could result in increased costs, customer dissatisfaction leading to loss of customers and revenues, and fines and other liabilities.

In addition, Frontier or Frontier's customers using our network to access the Internet may become victim to malicious and abusive Internet activities, including unsolicited mass advertising ("spam"), peer-to-peer file sharing, distribution of viruses, worms and other destructive or disruptive software. These activities could adversely affect our network, result in excessive call volume at our call centers and damage our or our customers' equipment and data.

Frontier maintains security measures, disaster recovery plans and business continuity plans for its business. However, Frontier's information technology networks and infrastructure may nonetheless be vulnerable to damage, disruptions or shutdowns due to attack by hackers or breaches, employee error or malfeasance, power outages, computer viruses, telecommunication or utility failures, systems failures, natural disasters or other catastrophic events. Any such events could result in legal claims or proceedings, liability or penalties, disruption in operations, misappropriation of sensitive data, damage to Frontier's reputation and costly response measures, which could adversely affect Frontier's business. There can be no assurance that such disruptions or misappropriations and the resulting repercussions will not be material to our results of operations, financial condition or cash flows.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We own property, which consists primarily of land and buildings, office and warehouse facilities, central office equipment, software, outside plant and related equipment. Outside communications plant includes aerial and underground cable, conduit, poles and wires. Central office equipment includes digital switches and peripheral equipment. As such, our properties do not provide a basis for description by character or location of principal units. All of our property is considered to be in good working condition and suitable for its intended purpose.

Our gross investment in property, by category, as of December 31, 2016, was as follows:

($ in millions)		
Land	$	235
Buildings and leasehold improvements		2,300
General support		1,495
Central office/electronic circuit equipment		7,683
Poles		995
Cable, fiber and wire		10,267
Conduit		1,611
Other		52
Construction work in progress		903
Total	$	25,541

Item 3. Legal Proceedings

See Note 19 of the Notes to Consolidated Financial Statements included in Part IV of this report.

We are party to various legal proceedings (including individual, class and putative class actions) 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. Litigation is 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.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock is currently traded on the NASDAQ Global Select Market under the symbol FTR. The amount and timing of dividends payable on our common stock are within the sole discretion of our Board of Directors. On December 11, 2014, our Board of Directors approved a 5% increase over the 2014 dividend rate in the planned quarterly cash dividend rate, commencing with the dividend for the first quarter of 2015. Dividends on shares of the Series A Preferred Stock are payable on a cumulative basis when, as and if declared by our Board of Directors (or an authorized committee thereof) at an annual rate of 11.125% on the liquidation preference of $100.00 per share, on the last business day of March, June, September and December of each year, up to the mandatory conversion date of June 29, 2018. Series A Preferred Stock dividends of $214 million and $120 million were paid in 2016 and 2015, respectively. Cash dividends paid to common shareholders were $493 million and $456 million in 2016 and 2015, respectively. The declaration and payment of future dividends on our common stock is at the discretion of our Board of Directors, and will depend upon many factors, including our financial condition, results of operations, growth prospects, funding requirements, payment of cumulative dividends on Series A Preferred Stock, applicable law, restrictions in agreements governing our indebtedness and other factors our Board of Directors deem relevant.

A portion of the dividends on common stock is classified as total ordinary dividends and represents qualified dividends, and a portion of the dividends is classified as non-dividend distributions and represents a return of capital. For the year ended December 31, 2016, all dividends on common stock were classified as non-dividend distributions and represented a return of capital.

The following table indicates the high and low intra-day sales prices per share of common stock, as reported by the NASDAQ Global Select Market, and sets forth dividends paid per share of common stock during the periods indicated.

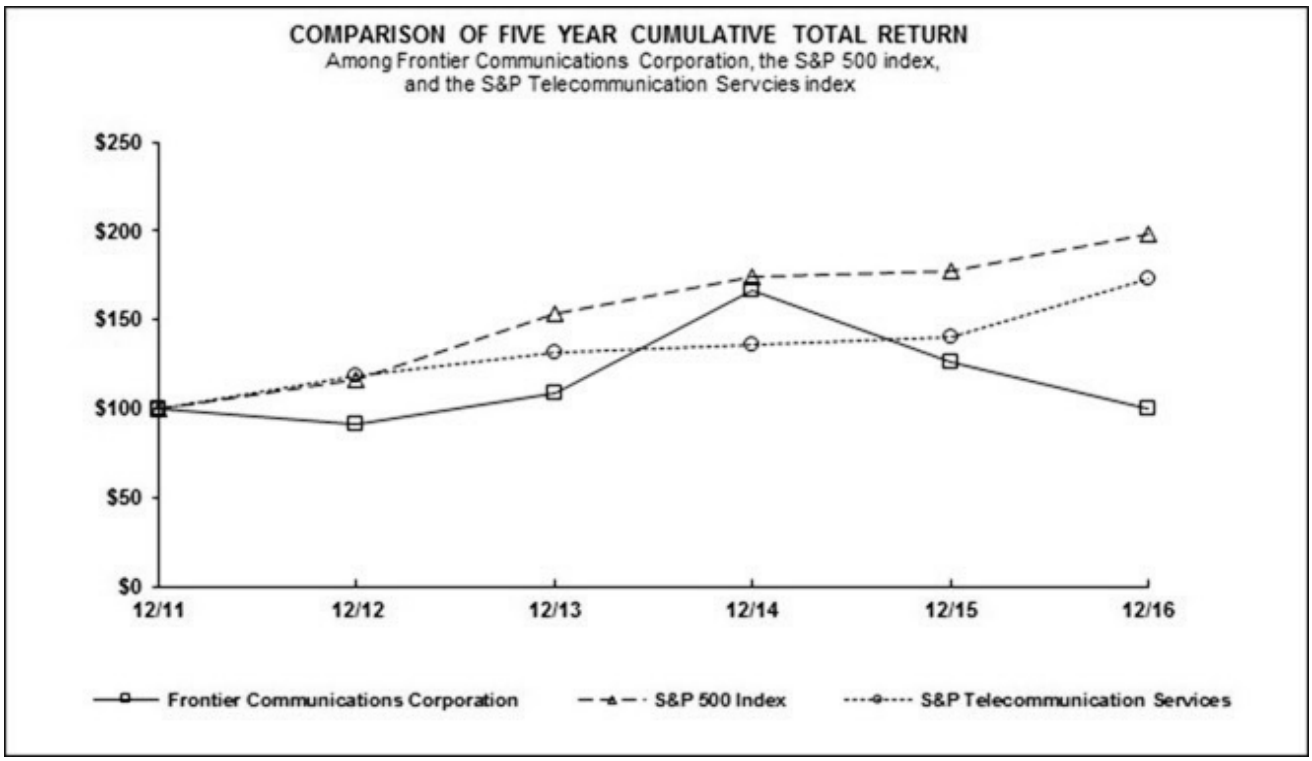
	2016			2015		
	High	Low	Dividend	High	Low	Dividend
First Quarter	$ 5.85	$ 3.81	$ 0.105	$ 8.46	$ 6.36	$ 0.105
Second Quarter	$ 5.75	$ 4.57	$ 0.105	$ 7.50	$ 4.86	$ 0.105
Third Quarter	$ 5.22	$ 4.07	$ 0.105	$ 5.64	$ 4.19	$ 0.105
Fourth Quarter	$ 4.36	$ 3.10	$ 0.105	$ 5.47	$ 4.44	$ 0.105

As of February 10, 2017, the approximate number of security holders of record of our common stock was 419,910. This information was obtained from our transfer agent, Computershare Inc.

FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES

STOCKHOLDER RETURN PERFORMANCE GRAPH

The following performance graph compares the cumulative total return of our common stock to the S&P 500 Stock Index and to the S&P Telecommunication Services Index for the five-year period commencing December 31, 2011.



The graph assumes that $100 was invested on December 31, 2011 in each of our common stock, the S&P 500 Stock Index and the S&P Telecommunication Services Index and that all dividends were reinvested.

		INDEXED RETURNS Years Ending				
Company / Index	**Base Period 12/11**	**12/12**	**12/13**	**12/14**	**12/15**	**12/16**
Frontier Communications Corporation	**100**	91.18	108.83	166.51	126.17	100.44
S&P 500 Index	**100**	116.00	153.57	174.60	177.01	198.18
S&P Telecommunication Services	**100**	118.31	131.88	135.82	140.44	173.42

The foregoing performance graph and related information shall not be deemed "soliciting material" or to be "filed" with the SEC, nor shall such information be incorporated by reference into any future filings under the Securities Act of 1933 or the Securities Exchange Act of 1934, each as amended, except to the extent we specifically incorporate it by reference into such filing.

RECENT SALES OF UNREGISTERED SECURITIES, USE OF PROCEEDS FROM REGISTERED SECURITIES

There were no unregistered sales of equity securities during the fourth quarter of 2016.

ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number of Shares Purchased	Average Price Paid per Share
October 1, 2016 to October 31, 2016		
Employee Transactions [1]	2,070	$ 4.02
November 1, 2016 to November 30, 2016		
Employee Transactions [1]	2,389	$ 3.25
December 1, 2016 to December 31, 2016		
Employee Transactions [1]	5,205	$ 3.68
Totals October 1, 2016 to December 31, 2016		
Employee Transactions [1]	9,664	$ 3.64

[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.

Item 6. Selected Financial Data

The following tables present selected historical consolidated financial information of Frontier for the periods indicated. The selected historical consolidated financial information of Frontier as of and for each of the five fiscal years in the period ended December 31, 2016 has been derived from Frontier's historical consolidated financial statements. The selected historical consolidated financial information as of December 31, 2016 and 2015 and for each of the years in the three-year period ended December 31, 2016 is derived from the audited historical consolidated financial statements of Frontier included elsewhere in this Form 10-K. The selected historical consolidated financial information as of December 31, 2014, 2013 and 2012 and for each of the years ended December 31, 2013 and 2012 is derived from the audited historical consolidated financial statements of Frontier not included in this Form 10-K.

($ in millions, except per share amounts)	Year Ended December 31, [1]				
	2016	2015	2014	2013	2012
Revenue	$ 8,896	$ 5,576	$ 4,772	$ 4,762	$ 5,012
Operating Income	$ 888	$ 745	$ 820	$ 981	$ 987
Net income (loss) [2] [3] [4] [5]	$ (373)	$ (196)	$ 133	$ 115	$ 153
Net income (loss) attributable to Frontier common shareholders [2] [3] [4] [5]	$ (587)	$ (316)	$ 133	$ 113	$ 137
Net income (loss) attributable to Frontier common shareholders per basic share [2] [3] [4] [5]	$ (0.51)	$ (0.29)	$ 0.13	$ 0.11	$ 0.14
Net income (loss) attributable to Frontier common shareholders per diluted share [2] [3] [4] [5]	$ (0.51)	$ (0.29)	$ 0.13	$ 0.11	$ 0.13
Cash dividends declared (and paid) per common share	$ 0.42	$ 0.42	$ 0.40	$ 0.40	$ 0.40
Cash dividends declared (and paid) per share of Series A Preferred Stock	$ 11.125	$ 6.24[6]	$ -	$ -	$ -

	As of December 31,				
($ in millions)	2016	2015	2014	2013	2012
Total assets	$ 29,013	$ 27,084	$ 18,810	$ 16,540	$ 17,577
Long-term debt	$ 17,560	$ 15,508	$ 9,393	$ 7,810	$ 8,324
Total shareholders' equity of Frontier	$ 4,519	$ 5,614	$ 3,658	$ 4,056	$ 4,108

(1) Operating results include activities for the CTF operations from the date of their acquisition from Verizon on April 1, 2016 and the Connecticut operations from the date of their acquisition from AT&T on October 24, 2014.

(2) Operating results include the pre-tax impacts of losses on retirement of debt of $160 million ($99 million, or $0.10 per share, after tax) and $90 million ($57 million, or $0.06 per share, after tax) for 2013 and 2012, respectively.

(3) Operating results include pre-tax acquisition and integration costs of $436 million ($283 million, or $0.24 per share, after tax), $236 million ($133 million, or $0.12 per share, after tax), $142 million ($91 million, or $0.09 per share, after tax), $10 million ($6 million, or $0.01 per share, after tax) and $82 million ($51 million, or $0.05 per share, after tax) for 2016, 2015, 2014, 2013 and 2012, respectively.

(4) Operating results include pre-tax restructuring costs and other charges of $91 million ($59 million, or $0.05 per share, after tax), $2 million ($1 million after tax), $2 million ($1 million, after tax), $12 million ($7 million, or $0.01 per share, after tax) and $32 million ($20 million, or $0.02 per share, after tax) for 2016, 2015, 2014, 2013 and 2012, respectively.

(5) Operating results include pre-tax pension settlement costs of $44 million ($27 million, or $0.03 per share, after tax) for 2013.

(6) Represents dividends on the 11.125% Mandatory Convertible Preferred Stock, Series A, from the issuance date of June 10, 2015 through December 31, 2015.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations Introduction

(a) Results of Operations

2016 Compared to 2015

On April 1, 2016, we completed our acquisition of Verizon's wireline properties in California, Texas, and Florida (the CTF Acquisition). Frontier's scope of operations and balance sheet changed materially as a result of the completion of the CTF Acquisition. Historical financial and operating data presented for Frontier includes the results of the CTF Operations that were acquired in the CTF Acquisition from the date of acquisition on April 1, 2016 and is not indicative of future operating results. The financial discussion below includes a comparative analysis of our results of operations on a historical basis for Frontier operations as of and for the years ended December 31, 2016 and 2015. Unless otherwise noted, the variance explanations discussed below are based upon an analysis of the 2016 financial data for Frontier legacy operations (excluding the CTF Operations) in comparison to 2015.

The sections below include tables that present customer counts, average monthly revenue per customer (ARPC) and residential customer churn which we define as the average of the amount of residential customer deactivations during the month divided by the number of residential customers at the beginning of the month. The following also categorizes revenue into customer revenue (residential and business) and regulatory revenue (switched access and subsidy). The decline in the number of customers was partially offset by increased penetration of additional higher revenue generating products and services sold to both residential and business customers, which has increased our average monthly revenue per customer in 2016 as compared to 2015. Similar to other wireline providers, we have experienced declines in the number of traditional voice customers, switched access minutes of use and rates per switched access minute of use, due to the FCC's intercarrier compensation reform, as a result of competition and the availability of substitutes, a trend which we expect will continue.

Management believes that residential customer counts and average monthly revenue per customer are important factors in evaluating our residential customer trends. Among the key services we provide to residential 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 of our customers' communications needs.

2016 CUSTOMER RELATED METRICS COMPARED TO 2015

	As of or for the year ended December 31,		
	2016	% Increase (Decrease)	2015
Customers (in thousands)	5,393 [1]	58 %	3,413
Residential customer metrics:			
Customers (in thousands)	4,891 [1]	57 %	3,124
Average monthly residential revenue per customer	$ 77.47	21 %	$ 63.93
Customer monthly churn	1.98%	9 %	1.82%
Business customer metrics:			
Customers (in thousands)	502 [1]	74 %	289
Average monthly business revenue per customer	$ 673.72	(2)%	$ 690.88
Broadband subscribers (in thousands)	4,271 [2]	73 %	2,462
Video subscribers (in thousands)	1,419 [2]	156 %	554
Switched access minutes of use (in thousands)	19,450	27 %	15,327
Employees	28,332	48 %	19,160

[1] 2,283,000 residential customers, 250,000 business customers and 2,533,000 total customers were acquired at the time of the April 2016 CTF Acquisition.

[2] 2,052,000 broadband subscribers and 1,165,000 video subscribers were acquired at the time of the April 2016 CTF Acquisition.

Customer Trends

We provide service and product options in our residential and business offerings to the customer base in each of our markets which results in a better customer experience that allows us to maximize retention of existing customers and attract new customers. As of December 31, 2016, 63% of our residential broadband customers were subscribed to at least one other service offering.

During 2016, we gained approximately 2.0 million customers, net, as compared to a loss of 96,000 customers, net, in 2015. Although we added approximately 2.5 million customers in 2016 following the CTF Acquisition, we lost a net of approximately 553,000 customers across all of our markets. These customer losses were more heavily weighted in the newly acquired CTF markets due to transition disruptions following the acquisition, resulting in higher than normal customer churn, as well as the suspension of collection activities prior to and after the closing of the CTF Acquisition, and the suspension of marketing efforts for a period of time following the acquisition. These actions resulted in fewer additions than would otherwise have been achieved. Higher than normal customer losses are expected to continue into 2017 as collections efforts are caught-up for delinquent accounts and marketing efforts ramp up.

We had approximately 4.9 million and 3.1 million total residential customers as of December 31, 2016 and 2015, respectively. Although we added approximately 2.3 million total residential customers attributable to the CTF Acquisition in 2016, we lost approximately 516,000 residential customers, net, during 2016, composed of losses in both our legacy markets and in the CTF markets, principally driven by declines in voice customers. Our residential customer monthly churn was 1.98% for 2016. Average monthly residential revenue per customer (residential ARPC) increased $13.54, or 21%, to $77.47 during 2016 as compared to 2015. The overall increase in residential ARPC is a result of higher video revenue from our CTF Operations and improvements in data services revenue for our legacy operations, partially offset by lower voice services revenue. We expect to improve our video and data subscriber trends for our Frontier legacy and CTF operations. We anticipate continuing declines in voice services revenue as fewer residential customers subscribe to landline voice services. Frontier expects continuing increases in data services revenue, primarily driven by increased broadband subscribers, and continuing declines in voice services revenue.

We had approximately 0.5 million and 0.3 million total business customers as of December 31, 2016 and 2015, respectively. Although we added 250,000 total business customers attributable to the CTF Acquisition in 2016, we

lost approximately 38,000 business customers, net in 2016, composed of losses in both our legacy markets and in the CTF markets. Average monthly business revenue per customer (business ARPC) decreased $17.16, or 2%, to $673.72 during 2016 as compared to 2015. The business ARPC decrease is primarily attributable to our CTF markets having lower ARPC per SME (small business, medium business and larger enterprise customers) customer and proportionally fewer wholesale customers relative to total business customers as compared to our legacy markets. Frontier expects the declines in voice services revenue and wireless backhaul revenues from business customers to continue in 2017, mitigated, in part, by increases in data services revenue. We have seen modest increases in our revenues from small/medium/enterprise (SME) customers throughout 2016, and our Ethernet product revenues from our SME and carrier customers has grown by 8% for the Frontier legacy operations during 2016.

At December 31, 2016, we had approximately 1.8 million more broadband subscribers than we did at December 31, 2015. We added 2,052,000 subscribers as part of the CTF Acquisition; however, we lost approximately 243,000 net subscribers, primarily due to fewer gross activations and higher customer churn. At December 31, 2016, 57% of our consolidated residential broadband customers subscribed to speeds in excess of our 6 Mbps basic speed tier, up from 29% at December 31, 2015.

We offer video services under the Vantage brand to our customers in Connecticut, South Carolina, Minnesota, and Illinois and under the FiOS® brand in California, Texas, and Florida (and on a limited basis in Indiana, Oregon and Washington). We also offer satellite TV video service to our customers under an agency relationship with DISH® in all of our markets. During the year, we added 1,165,000 video subscribers in the CTF Acquisition. For the full year, we lost approximately 300,000 net video subscribers across all markets. At December 31, 2016, we had 1.14 million linear video subscribers that are served with FiOS or Vantage video service. In addition to our linear video subscribers, we have 274,000 DISH satellite video customers.

2016 REVENUE COMPARED TO 2015

	For the Year Ended December 31,					
	2016					2015
			Frontier Legacy (excluding CTF Operations)			
($ in millions)	Consolidated Amount	CTF Operations	Amount	$ Increase (Decrease)	% Increase (Decrease)	Amount
Voice services	$ 2,886	$ 1,077	$ 1,809	$ (213)	(11) %	$ 2,022
Data and Internet services	3,693	1,366	2,327	(10)	(0) %	2,337
Video services	1,244	978	266	(19)	(7) %	285
Other	276	26	250	(5)	(2) %	255
Customer revenue	8,099	3,447	4,652	(247)	(5) %	4,899
Switched access and subsidy	797	175	622	(55)	(8) %	677
Total revenue	$ 8,896	$ 3,622	$ 5,274	$ (302)	(5) %	$ 5,576

	For the Year Ended December 31,					
	2016					2015
			Frontier Legacy (excluding CTF Operations)			
($ in millions)	Consolidated Amount	CTF Operations	Amount	$ Increase (Decrease)	% Increase (Decrease)	Amount
Residential	$ 4,383	$ 2,092	$ 2,291	$ (141)	(6) %	$ 2,432
Business	3,716	1,355	2,361	(106)	(4) %	2,467
Customer revenue	8,099	3,447	4,652	(247)	(5) %	4,899
Switched access and subsidy	797	175	622	(55)	(8) %	677
Total revenue	$ 8,896	$ 3,622	$ 5,274	$ (302)	(5) %	$ 5,576

REVENUE

We generate revenues 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 a provision for uncollectible amounts.

Consolidated total revenue for 2016 increased $3,320 million to $8,896 million as compared to 2015. Excluding additional revenue of $3,622 million in 2016 attributable to CTF operations, our revenue for 2016 decreased $302 million, or 5%, as compared to 2015. This decline in 2016 is primarily the result of decreases in voice services revenues and lower switched and nonswitched access revenue, partially offset by an increase in data services revenue, each as described in more detail below.

Customer revenue for the year ended December 31, 2016 increased $3,200 million to $8,099 million as compared to 2015. Excluding additional customer revenue of $3,447 million attributable to the CTF Operations, our customer revenue for 2016 decreased $247 million, or 5%, as compared to 2015.

Consolidated residential customer revenue for the year ended December 31, 2016 increased $1,951 million, or 80%, as compared to 2015. Consolidated residential customer revenue for the year ended December 31, 2016 included $2,092 million of revenue attributable to the CTF Operations. Residential customer revenues for our legacy operations for the year ended December 31, 2016 decreased $141 million, or 6%, compared to 2015, primarily as a result of decreases in voice services revenue, partially offset by increases in data services revenue. Similar to other wireline providers, we have experienced declines in the number of traditional voice customers and switched access minutes of use as a result of competition and the availability of substitutes, a trend we expect to continue. The consolidated monthly average revenue per customer (ARPC) for our residential customers increased 21% for the year ended December 31, 2016 as compared to 2015. The overall increase in residential ARPC is a result of higher video revenue from our CTF Operations and improvements in data services revenue for our legacy operations, partially offset by lower voice services revenue.

Consolidated business customer revenue for 2016 increased $1,249 million, or 51%, as compared to 2015. Consolidated business customer revenue for 2016 included $1,355 million of revenue attributable to the CTF Operations. Business customer revenue for our legacy operations declined $106 million, or 4%, as compared to 2015, principally as a result of decreases in our voice services revenue and wireless backhaul revenue. The consolidated ARPC for our business customers decreased 2%, for the year ended December 31, 2016 as compared with 2015. The business ARPC decrease is primarily attributable to our CTF markets having lower ARPC per SME (small business, medium business and larger enterprise customers) customer and proportionally fewer wholesale customers relative to total business customers as compared to our legacy markets.

Consolidated switched access and subsidy revenue of $797 million represented 9% of our revenues for 2016. Switched access revenue was $170 million in 2016, or 2% of our revenues, down from $177 million, or 3% of our revenues, in 2015. The Report and Order released by the FCC on November 18, 2011 (the 2011 Order) provided for the gradual elimination of terminating traffic charges by 2017 with a related decline in operating expenses. Switched access revenue declined sequentially in the third quarter of 2016, reflecting the rate reductions mandated by the 2011 Order, and we anticipate that we have experienced nearly all of the rate decline related to the 2011 Order. We have been able to recover a significant portion of these lost revenues through end user rates and other replacement support mechanisms, a trend we expect will continue throughout 2017. We expect declining revenue trends in switched access revenue to continue in 2017 in our legacy operations. Subsidy revenue, including CAF Phase II subsidies, was $626 million in 2016, or 7% of our revenues, which increased from $500 million, or 9% of our revenues, in 2015.

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

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 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.

Voice services revenue for 2016 decreased as compared with 2015, primarily due to the continued loss of voice customers and, to a lesser extent, decreases in individual feature packages, as well as long distance revenue among those customers that do not have a bundled long distance plan, partially offset by increased local voice charges to residential and business end users.

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"). In addition, we offer our Frontier Secure suite of products, including computer security, cloud backup and sharing, identity protection and equipment insurance. Frontier Secure also provides technical support services for businesses.

Data and Internet services revenue for 2016 decreased as compared with 2015. Data services revenues for 2016 increased $45 million, or 3%, primarily due to higher Frontier Secure revenues. Nonswitched access revenues decreased $55 million, or 6%, primarily due to lower monthly recurring revenues for wireless backhaul and other carrier services. We expect wireless data usage to continue to increase, which may drive the need for additional wireless backhaul capacity. Despite the need for additional capacity, in the near term, we anticipate that our overall wireless backhaul revenues (which comprise approximately 3% of our total revenues) will continue to be subject to decline in 2017, as our carrier customers migrate to Ethernet solutions at lower price points or migrate to our competitors.

Video Services

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

Video services for 2016 decreased primarily due to a decrease in the total number of video subscribers.

Other

Other customer revenue includes sales of customer premise equipment to our business customers and directory services, less our provision for bad debts.

Other revenues for 2016 decreased primarily due to lower directory services revenue.

Switched Access and Subsidy

Switched access and subsidy revenues include 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. We also receive cost subsidies from state and federal authorities, including the Connect America Fund.

Switched access and subsidy revenue for 2016 decreased as compared to 2015. Subsidy revenues decreased $16 million, or 3% in 2016, primarily attributable to the one-time true-up payments and phasedown support recognized in 2015 in connection with the CAF Phase II program. Switched access revenue decreased $39 million, or 22%, in 2016 primarily due to the impact of the decline in minutes of use related to access line losses and the displacement of minutes of use by wireless and other communications services, combined with the lower rates enacted by the FCC's intercarrier compensation.

2016 OPERATING EXPENSES COMPARED TO 2015

NETWORK ACCESS EXPENSE

	For the Year Ended December 31,					
	2016					2015
			Frontier Legacy (excluding CTF Operations)			
($ in millions)	Consolidated Amount	CTF Operations	Amount	$ Increase (Decrease)	% Increase (Decrease)	Amount
Network access expenses	$ 1,470	$ 852	$ 618	$ (22)	(3) %	$ 640

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

Network access expenses for 2016 decreased in our legacy markets, primarily due to lower long distance costs and video content costs as a result of a decline in video customers, partially offset by increases in customer premise equipment costs, pole and conduit rental expense, and Frontier Secure costs.

NETWORK RELATED EXPENSES

	For the Year Ended December 31,					
	2016					2015
			Frontier Legacy (excluding CTF Operations)			
($ in millions)	Consolidated Amount	CTF Operations	Amount	$ Increase (Decrease)	% Increase (Decrease)	Amount
Network related expenses	$ 1,887	$ 623	$ 1,264	$ (23)	(2) %	$ 1,287

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, operation and maintenance of our network.

Network related expenses for 2016 decreased due to lower compensation costs, primarily related to decreased employee headcount, and certain benefits, including incentive compensation, pension and OPEB expense (as discussed below), and a reduction in rental costs for vehicles under operating leases that were modified during 2016, resulting in the classification as capital leases.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	For the Year Ended December 31,					
	2016					2015
			Frontier Legacy (excluding CTF Operations)			
($ in millions)	Consolidated Amount	CTF Operations	Amount	$ Increase (Decrease)	% Increase (Decrease)	Amount
Selling, general and administrative expenses	$ 2,093	$ 731	$ 1,362	$ 16	1 %	$ 1,346

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.

SG&A expenses for 2016 increased due to higher costs for compensation, primarily related to increased employee headcount due to additional services provided by Frontier Secure, and certain benefits, including pension and OPEB expense (as discussed below), partially offset by lower incentive compensation for the year.

Pension and OPEB Costs

Frontier allocates Pension and OPEB costs to network related expenses and SG&A expenses. Total consolidated pension and OPEB costs, excluding special termination benefits of $26 million in 2016, for the years ended December 31, 2016 and 2015 were as follows:

	For the year ended December 31,	
($ in millions)	2016	2015
Total pension/OPEB expense	$ 129	$ 95
Less: capitalized into capital expenditures	(25)	(20)
Net pension/OPEB costs	$ 104	$ 75

DEPRECIATION AND AMORTIZATION

	For the year ended December 31,					
	2016					2015
			Frontier Legacy (excluding CTF Operations)			
($ in millions)	Consolidated Amount	CTF Operations	Amount	$ Increase (Decrease)	% Increase (Decrease)	Amount
Depreciation expense	$ 1,388	$ 439	$ 949	$ (34)	(3) %	$ 983
Amortization expense	643	361	282	(55)	(16) %	337
	$ 2,031	$ 800	$ 1,231	$ (89)	(7) %	$ 1,320

Depreciation and amortization expense for 2016 decreased primarily due to the accelerated method of amortization related to the customer base that was acquired in our 2010 Acquisition with Verizon and in the Connecticut Acquisition, combined with changes in the remaining useful lives of certain plant assets and a lower net asset base.

RESTRUCTURING COSTS AND OTHER CHARGES

	For the year ended December 31,					
	2016					2015
			Frontier Legacy (excluding CTF Operations)			
($ in millions)	Consolidated Amount	CTF Operations	Amount	$ Increase (Decrease)	% Increase (Decrease)	Amount
Restructuring costs and other charges	$ 91	$ 34	$ 57	$ 55	NM %	$ 2

NM – Not Meaningful

Restructuring costs and other charges increased in 2016 compared to 2015 primarily due to a reduction in the workforce of approximately 1,950 employees resulting in an increase in severance and related expenses of $30 million and pension/OPEB special termination benefit enhancements of $25 million.

2015 Compared to 2014

On October 24, 2014, Frontier completed the Connecticut Acquisition. The financial discussion below includes a comparative analysis of our results of operations on a historical basis for our Frontier operations as of and for the years ended December 31, 2015 and 2014. Unless otherwise noted, the variance explanations discussed below are based upon an analysis of the 2015 financial data for Frontier legacy operations (excluding the Connecticut Operations) in comparison to 2014 financial data for Frontier legacy operations (excluding the Connecticut Operations).

2015 CUSTOMER RELATED METRICS COMPARED TO 2014

	As of or for the year ended December 31,		
	2015	% Increase (Decrease)	2014
Customers (in thousands)	3,413	(3)%	3,510 [(1)]
Residential customer metrics:			
Customers (in thousands)	3,124	(3)%	3,205 [(1)]
Average monthly residential revenue per customer	$ 63.93	5 %	$ 61.11
Customer monthly churn	1.82%	5 %	1.73%
Business customer metrics:			
Customers (in thousands)	289	(5)%	305 [(1)]
Average monthly business revenue per customer	$ 690.88	4 %	$ 661.15
Broadband subscribers (in thousands)	2,462	4 %	2,360 [(2)]
Video subscribers (in thousands)	554	(5)%	582 [(2)]
Switched access minutes of use (in thousands)	15,327	1 %	15,193
Employees	19,160	10 %	17,354

(1) 468,000 residential customers, 49,000 business customers and 517,000 total customers were acquired at the time of the October 2014 Connecticut Acquisition.

(2) 385,000 broadband subscribers and 192,000 video subscribers were acquired at the time of the October 2014 Connecticut Acquisition.

Customer Trends

During 2015, we lost 96,000 customers, net, compared to a gain of 435,000 customers, net, in 2014. Although we added 517,000 customers in 2014 following the Connecticut Acquisition, we lost 82,000 customers, net, in 2014 across all of our markets.

We had approximately 3.1 million and 3.2 million total residential customers as of December 31, 2015 and 2014, respectively. Although we added 468,000 total residential customers attributable to the Connecticut Acquisition in 2014, we lost approximately 81,000 and 67,000 residential customers, net during 2015 and 2014, respectively, composed of losses in both our legacy markets and in the Connecticut markets, principally driven by declines in voice customers. Our residential customer monthly churn was 1.82% and 1.73% for 2015 and 2014, respectively. Residential ARPC increased $2.82, or 5%, to $63.93 during 2015 as compared to 2014. The overall increase in residential ARPC is due to a higher percentage of Frontier's residential customers who subscribe to our broadband services, the increase in our Frontier TV and FiOS-branded video customers, which is primarily attributable to our Connecticut Operations, and the increase in customers subscribed to multiple services.

We had approximately 0.3 million total business customers as of December 31, 2015 and 2014. Although we added 49,000 total business customers attributable to the Connecticut Acquisition in 2014, we lost approximately 16,000 and 15,000 business customers, net, during 2015 and 2014, respectively. Business ARPC increased $29.73, or 4%, to $690.88 during 2015 as compared to 2014. The overall increase in business ARPC is primarily due to declining customer counts for our small business customers that carry a lower ARPC.

During 2015, Frontier added approximately 102,000 net broadband subscribers. During 2014, Frontier added approximately 493,000 (including 385,000 from the Connecticut Acquisition) net broadband subscribers. As of

December 31, 2015, approximately 64% of our residential broadband customers subscribed to a bundle of services. As of December 31, 2015, we were able to offer broadband to approximately 7.9 million households, or 93% of the 8.5 million households in our markets. The increase in broadband subscribers contributed to our improved data services revenue performance. At December 31, 2015, 29% of our residential broadband customers subscribed to speeds in excess of our 6 Mbps basic speed tier, up from 24% at December 31, 2014. We offer FiOS-branded video services in three states, Frontier TV-branded video services in Connecticut and satellite video services through DISH throughout our territories. We lost 28,000 video subscribers, net during 2015 primarily due to the loss of DISH subscribers. At December 31, 2015, we had 554,000 video customers.

2015 REVENUE COMPARED TO 2014

	For the Year Ended December 31,							
	2015					2014		
			Frontier Legacy (excluding Connecticut Operations)					
($ in millions)	Consolidated Amount	Connecticut Operations	Amount	$ Increase (Decrease)	% Increase (Decrease)	Consolidated Amount	Connecticut Operations	Frontier Legacy (excluding Connecticut Operations) Amount
Voice services	$ 2,022	$ 353	$ 1,669	$ (208)	(11)%	$ 1,951	$ 74	$ 1,877
Data and Internet services	2,337	424	1,913	53	3%	1,948	88	1,860
Video services	285	190	95	-	-	134	39	95
Other	255	39	216	2	1%	220	6	214
Customer revenue	4,899	1,006	3,893	(153)	(4)%	4,253	207	4,046
Switched access and subsidy	677	43	634	124	24%	519	9	510
Total revenue	$ 5,576	$ 1,049	$ 4,527	$ (29)	(1)%	$ 4,772	$ 216	$ 4,556

	For the Year Ended December 31,							
	2015					2014		
			Frontier Legacy (excluding Connecticut Operations)					
($ in millions)	Consolidated Amount	Connecticut Operations	Amount	$ Increase (Decrease)	% Increase (Decrease)	Consolidated Amount	Connecticut Operations	Frontier Legacy (excluding Connecticut Operations) Amount
Residential	$ 2,432	$ 531	$ 1,901	$ (75)	(4)%	$ 2,092	$ 116	$ 1,976
Business	2,467	475	1,992	(78)	(4)%	2,161	91	2,070
Customer revenue	4,899	1,006	3,893	(153)	(4)%	4,253	207	4,046
Switched access and subsidy	677	43	634	124	24%	519	9	510
Total revenue	$ 5,576	$ 1,049	$ 4,527	$ (29)	(1)%	$ 4,772	$ 216	$ 4,556

REVENUE

Consolidated total revenue for 2015 increased $804 million to $5,576 million as compared to 2014. Excluding revenues attributable to the Connecticut operations, our total revenue for 2015 decreased $29 million, or 1%, as compared to 2014. This decline in 2015 is primarily the result of decreases in voice services revenues and lower switched and nonswitched access revenue, partially offset by an increase in data services revenue and subsidy revenue, each as described in more detail below.

Consolidated residential customer revenue for 2015 included $531 million of revenue attributable to the Connecticut operations. Consolidated residential customer revenue for our Frontier legacy operations declined $75 million, or 4%, as compared with 2014, primarily as a result of decreases in voice services revenue, partially offset by increases in data services revenue.

Consolidated business customer revenue for 2015 included $475 million of revenue attributable to the Connecticut operations. Consolidated business customer revenue for our Frontier legacy operations declined $78 million, or 4%, as compared with 2014, principally as a result of decreases in our voice services revenue and wireless backhaul revenue.

Consolidated switched access and subsidy revenue of $677 million represented 12% of our revenues for 2015. Switched access revenue was $177 million in 2015, or 3% of our revenues, down from $201 million, or 4% of our revenues, in 2014. Subsidy revenue was $500 million in 2015, or 9% of our revenues, which increased from $319 million, or 7% of our revenues, in 2014.

Voice Services
Voice services revenues for 2015 decreased as compared with 2014, primarily due to $180 million, or 12%, in lower local and enhanced services revenue. This decrease is primarily due to the continued loss of voice customers and, to a lesser extent, decreases in individual features packages, partially offset by increased local voice charges to residential and business end users. Long distance services revenue decreased $28 million, or 8%, primarily due to a 10% decrease in minutes of use driven by fewer customers, partially offset by increased cost recovery surcharge rates.

Data and Internet Services
Data and Internet services revenues for 2015 increased as compared with 2014. Nonswitched access revenues decreased $68 million, or 8%, primarily due to lower monthly recurring revenues for wireless backhaul and other carrier service revenues. These decreases were more than offset by increases in data services revenues of $121 million, or 12%, primarily due to a 4% increase in the total number of broadband subscribers and higher Frontier Secure revenues.

Video Services
Video services revenue for 2015 remained the same as compared to 2014.

Other
Other revenues for 2015 remained relatively flat primarily due to changes in our provision for bad debts and increased customer premise equipment revenues, offset by lower directory services revenues.

Switched Access and Subsidy
Switched access and subsidy revenue for 2015 increased as compared to 2014. Subsidy revenues increased $164 million, or 52% in 2015, primarily due to the additional CAF Phase II funding, which increased support by more than $159 million in 2015. Switched access revenue decreased $40 million, or 21%, in 2015 primarily due to the impact of a decline in minutes of use related to access line losses and the displacement of minutes of use by wireless and other communications services combined with the lower rates enacted by the FCC's intercarrier compensation reform in July 2013.

2015 OPERATING EXPENSES COMPARED TO 2014

NETWORK ACCESS EXPENSE

	For the Year Ended December 31,							
	2015					2014		
			Frontier Legacy (excluding Connecticut Operations)					
($ in millions)	Consolidated Amount	Connecticut Operations	Amount	$ Increase (Decrease)	% Increase (Decrease)	Consolidated Amount	Connecticut Operations	Frontier Legacy (excluding Connecticut Operations) Amount
Network access expenses	$ 640	$ 220	$ 420	$ (6)	(1)%	$ 465	$ 39	$ 426

Network access expenses for 2015 decreased, primarily due to lower long distance costs as a result of decreased minutes of use and lower pole rental costs, partially offset by an increase in network access expenses related to higher broadband subscriber counts and costs for providing new circuits to our markets.

NETWORK RELATED EXPENSES

	For the Year Ended December 31,							
	2015					2014		
			Frontier Legacy (excluding Connecticut Operations)					
($ in millions)	Consolidated Amount	Connecticut Operations	Amount	$ Increase (Decrease)	% Increase (Decrease)	Consolidated Amount	Connecticut Operations	Frontier Legacy (excluding Connecticut Operations) Amount
Network related expenses	$ 1,287	$ 182	$ 1,105	$ 38	4%	$ 1,118	$ 51	$ 1,067

Network related expenses for 2015 increased due to higher costs for compensation, primarily due to storm-related costs, and certain benefits, including pension and OPEB expense (as discussed below), and increased fleet and facilities costs, partially offset by reduced installation and repair costs.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	For the Year Ended December 31,							
	2015					2014		
			Frontier Legacy (excluding Connecticut Operations)					
($ in millions)	Consolidated Amount	Connecticut Operations	Amount	$ Increase (Decrease)	% Increase (Decrease)	Consolidated Amount	Connecticut Operations	Frontier Legacy (excluding Connecticut Operations) Amount
Selling, general and administrative expenses	$ 1,346	$ 246	$ 1,100	$ 44	4%	$ 1,086	$ 30	$ 1,056

SG&A expenses for 2015 increased due to higher costs for compensation, primarily related to increased employee headcount due to additional services provided by Frontier Secure, and certain benefits, including pension and OPEB expense (as discussed above), partially offset by lower litigation and facilities costs.

Pension and OPEB Costs

Frontier allocates Pension and OPEB costs to network related expenses and SG&A expenses. Total consolidated pension and OPEB costs for the years ended December 31, 2015 and 2014 were as follows:

($ in millions)	For the year ended December 31, 2015	2014
Total pension/OPEB expense	$ 95	$ 74
Less: capitalized into capital expenditures	(20)	(15)
Net pension/OPEB costs	$ 75	$ 59

DEPRECIATION AND AMORTIZATION

	For the Year Ended December 31,							
	2015					2014		
			Frontier Legacy (excluding Connecticut Operations)					
($ in millions)	Consolidated Amount	Connecticut Operations	Amount	$ Increase (Decrease)	% Increase (Decrease)	Consolidated Amount	Connecticut Operations	Frontier Legacy (excluding Connecticut Operations) Amount
Depreciation expense	$ 983	$ 204	$ 779	$ (18)	(2) %	$ 835	$ 38	$ 797
Amortization expense	337	97	240	(44)	(15) %	304	20	284
	$ 1,320	$ 301	$ 1,019	$ (62)	(6) %	$ 1,139	$ 58	$ 1,081

Depreciation and amortization expense for 2015 decreased primarily due to the accelerated method of amortization related to the customer base that was acquired in the 2010 Acquisition with Verizon, changes in the remaining useful lives of certain plant assets and a lower net asset base.

ACQUISITION AND INTEGRATION COSTS

	For the year ended December 31,						
	2016			2015			2014
($ in millions)	Amount	$ Increase (Decrease)	% Increase (Decrease)	Amount	$ Increase (Decrease)	% Increase (Decrease)	Amount
CTF Acquisition	$ 435	$ 239	122 %	$ 196	$ 196	100 %	$ -
Connecticut Acquisition	1	(39)	(98)%	40	(102)	(72)%	142
Total acquisition and integration costs	$ 436	$ 200	85 %	$ 236	$ 94	66 %	$ 142

Acquisition costs include legal, financial advisory, accounting, regulatory and other related costs. Integration costs include expenses that are incremental and directly related to the acquisition, and were incurred to integrate the network and information technology platforms and to enable other integration initiatives.

We invested $142 million and $129 million in capital expenditures related to the CTF Acquisition during the years ended December 31, 2016 and 2015, respectively.

We also invested $24 million and $116 million in capital expenditures related to the Connecticut Acquisition during the years ended December 31, 2015 and 2014, respectively.

OTHER NON-OPERATING INCOME AND EXPENSE

	For the Year Ended December 31,						
	2016			2015			2014
($ in millions)	Amount	$ Increase (Decrease)	% Increase (Decrease)	Amount	$ Increase (Decrease)	% Increase (Decrease)	Amount
Investment and other income, net	$ 20	$ 13	186 %	$ 7	$ (32)	(82) %	$ 39
Interest expense	$ 1,531	$ 418	38 %	$ 1,113	$ 417	60 %	$ 696
Income tax expense (benefit)	$ (250)	$ (85)	52 %	$ (165)	$ (195)	NM %	$ 30

NM – Not Meaningful

Investment and Other Income, Net

Investment and other income, net for 2016 increased $13 million for a gain on expiration/settlement of customer advances combined with higher interest and dividend income of $6 million, primarily due to interest earned on restricted cash during the first quarter of 2016, partially offset by a decrease of $7 million due to a loss on debt exchanges.

Investment and other income, net for 2015 decreased due to a $25 million gain on the sale of our minority interest in a wireless partnership and a $12 million gain on the sale of an intangible asset in 2014, partially offset by higher interest and dividend income of $5 million in 2015.

Interest expense

Interest expense for 2016 increased, primarily due to additional interest of $755 million in 2016 on the $6 billion senior notes offering and the $1,625 million term loan facility related to the CTF Acquisition. We incurred commitment fees of $10 million and $184 million for the Verizon Bridge Facility (as defined below) related to the CTF Acquisition during 2016 and 2015, respectively. Our composite average borrowing rate as of December 31, 2016 and 2015 was 8.55% and 8.99%, respectively.

Interest expense for 2015 increased primarily due to interest on the $6.6 billion senior notes offering completed in September 2015, as well as $184 million in commitment fees for the Verizon Bridge Facility (as defined below) related to the CTF Acquisition as compared to the commitment fees of $23 million on the bridge loan facility related to the Connecticut Acquisition during 2014. We also incurred additional interest in 2015 on the $1,900 million debt financing related to the Connecticut Acquisition.

Income tax expense (benefit)

Income tax benefit for 2016 increased compared to 2015, primarily due to the increase in pretax loss. The effective tax rate on our pretax loss for 2016 was 40.2% as compared with 45.8% for 2015. Income taxes for 2016 include the impact of $36 million of tax benefits resulting primarily from the adjustment of deferred tax balances due to the CTF Acquisition in 2016.

Income tax expense (benefit) for 2015 was an income tax benefit of $165 million compared to income tax expense of $30 million for 2014. The change in income tax expense (benefit) was primarily due to the change from pretax income to pretax loss. Our effective tax rate was 45.8% for 2015 compared with 18.7% for 2014. Income taxes for 2015 include the impact of a $3 million benefit arising from the adjustment of deferred tax balances and a $5 million benefit from the federal research and development credit.

We received $120 million in tax refunds in 2016 as compared to net cash taxes paid of $28 million and $70 million in 2015 and 2014, respectively.

Net income (loss) attributable to Frontier common shareholders

Net income (loss) attributable to Frontier common shareholders for 2016 was a net loss of $587 million, or $0.51 per share, as compared to a net loss of $316 million, or $0.29 per share, in 2015 and net income of $133 million, or $0.13 per share, in 2014.

(b) Liquidity and Capital Resources

Analysis of Cash Flows

As of December 31, 2016, we had cash and cash equivalents aggregating $522 million. Our primary source of funds during 2016 was restricted and unrestricted cash, additional borrowings, along with cash generated from operations. In 2016, we used cash flow from operations, restricted cash, and cash on hand to principally fund all of our cash investing and financing activities, primarily the CTF Acquisition, capital expenditures, dividends, and debt repayments. On April 1, 2016, we used the restricted cash obtained from net proceeds of the September 2015 senior notes offering and June 2015 equity offerings, along with additional borrowings and cash on hand, to finance the CTF Acquisition.

At December 31, 2016, we had a working capital deficit of $788 million, including $363 million of long-term debt due within one year, as compared to a working capital surplus of $8,238 million at December 31, 2015. The decline in working capital is primarily due to a reduction in restricted cash and unrestricted cash and cash equivalents of $8,858 million, primarily related to funding the CTF Acquisition, and an increase in current liabilities of $551 million.

Cash Flows provided by Operating Activities

Cash flows provided by operating activities increased $365 million, or 28%, to $1,666 million in 2016 as compared to 2015. The increase was primarily the result of the addition of our CTF operations, partially offset by unfavorable changes in working capital along with higher interest expense and acquisition and integration costs.

We received $120 million in tax refunds in 2016 as compared to net cash taxes paid of $28 million and $70 million in 2015 and 2014, respectively.

In connection with the CTF Acquisition, Frontier recognized acquisition and integration costs of $436 million during 2016 compared to $196 million during 2015. Interest expense of $755 million was incurred during 2016 related to the September 2015 debt offering and the 2015 Credit Agreement (as defined below) compared to $189 million in interest expense during 2015. Additionally, Frontier incurred $10 million of interest expense related to the Verizon Bridge Facility in 2016 compared to $184 million during 2015.

In connection with the Connecticut Acquisition, Frontier recognized $40 million and $142 million of acquisition and integration costs incurred in 2015 and 2014, respectively, and $23 million of interest expense in 2014, in connection with the bridge loan facility related to the Connecticut Acquisition.

Cash Flows used by Investing Activities

Capital Expenditures

In 2016, 2015 and 2014, our capital expenditures were, respectively, $1,401 million, $863 million and $688 million (including $142 million, $153 million and $116 million of integration-related capital expenditures in 2016, 2015 and 2014, respectively, associated with the CTF Acquisition and the Connecticut Acquisition). Frontier received a total of $133 million during the 2012-2014 period from the Connect America Fund (CAF) Phase I Program to support broadband deployment in unserved and underserved high-cost areas. In addition to the capital expenditures mentioned above, network expansion funded by the previously received CAF Phase I funds amounted to $22 million and $56 million in 2015 and 2014, respectively. Capital expenditures related to CAF Phase II are included in our reported amounts for capital expenditures. We anticipate capital expenditures for business operations to be approximately $1.00 billion to $1.25 billion in 2017, as compared to $1,259 million in 2016.

CTF Acquisition

On April 1, 2016, Frontier acquired the wireline operations of Verizon in California, Texas and Florida for a purchase price of $10,540 million in cash and assumed debt (the CTF Acquisition), pursuant to the February 5, 2015 Securities Purchase Agreement, as amended. In addition, Frontier and Verizon settled the working capital and net debt adjustments with $15 million paid to Frontier in October 2016.

Connecticut Acquisition

On October 24, 2014, Frontier acquired the wireline properties of AT&T in Connecticut. After including the working capital adjustment payment of $18 million, the total purchase price for the Connecticut Acquisition was $2,018 million.

Cash Flows used by and provided from Financing Activities

Debt Financings
Refer to the below discussion under Capital Resources – Term Loan Facilities.

Financing the CTF Acquisition
On September 25, 2015, Frontier completed a private offering of $6,600 million aggregate principal amount of senior unsecured notes, as follows: $1,000 million of 8.875% Senior Notes due 2020; $2,000 million of 10.50% Senior Notes due 2022; and $3,600 million of 11.00% Senior Notes due 2025. Each was issued at a price equal to 100% of its principal amount. Frontier used the net proceeds from the offering (after deducting underwriting fees) to finance a portion of the cash consideration paid in connection with the CTF Acquisition and to pay related fees and expenses. The net proceeds of the debt offering of $6,485 million were included in "Restricted cash" in the consolidated balance sheet as of December 31, 2015. In April 2016, we completed an exchange offer of registered senior notes for the privately placed senior notes.

Financing the Connecticut Acquisition
On September 17, 2014, Frontier completed a registered debt offering of $775 million aggregate principal amount of 6.25% Senior Notes due 2021 and $775 million aggregate principal amount of 6.875% Senior Notes due 2025. We received net proceeds, after deducting underwriting fees, of $1,519 million from the offering. Frontier used the net proceeds from the offering of the notes, together with borrowings of $350 million under the 2014 CoBank Credit Agreement, as defined below, and cash on hand to finance the Connecticut Acquisition, which closed on October 24, 2014.

During 2015 and 2014, we also entered into secured financings totaling $3 million and $11 million, respectively, with four year terms and no stated interest rate for certain equipment purchases.

Debt Reduction
During 2016, 2015 and 2014, we retired an aggregate principal amount of $453 million, $298 million and $260 million, respectively, of debt consisting of $23 million, $295 million and $257 million, respectively, of senior unsecured debt and $1 million during 2015 and 2014, of rural utilities service loan contracts. Additionally, we retired $430 million, $3 million and $2 million of secured debt during 2016, 2015 and 2014, respectively.

Additionally, during 2016 we completed non-cash debt exchanges including related accrued interest, of $397 million of our 8.25% Notes due April 2017 for approximately $147 million of our 8.50% Notes due April 2020, $66 million of our 8.875% Notes due September 2020 and $188 million of our 10.50% Notes due September 2022. A pre-tax loss of approximately $7 million was recognized and included in "Investment and other income, net" in our consolidated statement of operations for the year ended December 31, 2016.

Subject to limitations contained in our indentures and credit facilities, we may from time to time make repurchases of our debt in the open market, through tender offers, by exercising rights to call or in privately negotiated transactions. We may also refinance existing debt or exchange existing debt for newly issued debt obligations.

Common Stock Offering
On June 10, 2015, we completed a registered offering of 150,000,000 shares of our common stock, par value $0.25 per share, at an offering price of $5 per share. On June 24, 2015, Frontier issued an additional 15,000,000 shares of common stock in connection with the over-allotment option that was exercised in full by the underwriters. Aggregate net proceeds were approximately $799 million after deducting commissions and expenses. We used the net proceeds from this offering to fund a portion of the acquisition price of the CTF Acquisition and for related fees and expenses.

Mandatory Convertible Preferred Stock (Series A) Offering
On June 10, 2015, we also completed a registered offering of 17,500,000 shares of our 11.125% Mandatory Convertible Preferred Stock, Series A, par value $0.01 per share (the "Series A Preferred Stock"), at an offering price of $100 per share. On June 24, 2015, Frontier issued an additional 1,750,000 shares of Series A Preferred Stock in connection with the over-allotment option that was exercised in full by the underwriters. Aggregate net proceeds of the offering were $1,866 million after deducting commissions and expenses. We used the net proceeds from this offering to fund a portion of the acquisition price of the CTF Acquisition and for related fees and expenses.

Capital Resources

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, pay dividends to our stockholders, and support our short-term and long-term operating strategies for the next twelve months. A number of factors, including but not limited to, losses of customers, pricing pressure from increased competition, lower subsidy and switched access revenues, and the impact of economic conditions may negatively affect our cash generated from operations. As of December 31, 2016, we had $363 million and $733 million of debt maturing in 2017 and 2018, respectively.

Bridge Facilities

On February 5, 2015, we entered into a commitment for a bridge loan facility (the Verizon Bridge Facility) and recognized related interest expense of $10 million and $184 million for the years ended December 31, 2016 and 2015, respectively. The Verizon Bridge Facility terminated in accordance with its terms on September 25, 2015.

On December 16, 2013, we signed a commitment letter for a bridge loan facility (the Connecticut Bridge Facility) to finance the Connecticut Acquisition and recognized interest expense related to this commitment of $23 million during the year ended December 31, 2014. The Connecticut Bridge Facility terminated in accordance with its terms on September 17, 2014.

Term Loan Facilities

Borrowings under each of Frontier's term loan credit agreements are secured by a pledge of the stock of Frontier North Inc., a wholly owned subsidiary, primarily representing Frontier operations in Illinois, Indiana, Michigan, Ohio, and Wisconsin.

On August 12, 2015, Frontier entered into a credit agreement with JPMorgan Chase Bank, N.A., as administrative agent, and the lenders party thereto, for a $1,500 million senior secured delayed-draw term loan facility (the 2015 Credit Agreement). Frontier exercised its right under the 2015 Credit Agreement to obtain additional commitments and increased the size of the facility to $1,625 million. On April 1, 2016, in connection with the closing of the CTF Acquisition, Frontier drew $1,550 million under that facility, with the additional $75 million drawn subsequently. The final maturity date is March 31, 2021. Repayment of the outstanding principal balance will be made in quarterly installments, initially in the amount of $20 million per installment, which commenced on June 30, 2016. The quarterly installments will increase to $41 million, beginning with the 13th quarterly installment. The remaining outstanding principal balance will be repaid on the final maturity date. Borrowings under the term loan will bear interest based on margins over the Base Rate (as defined in the 2015 Credit Agreement) or LIBOR, at the election of Frontier. Interest rate margins under the facility (ranging from 0.75% to 1.75% for Base Rate borrowings and 1.75% to 2.75% for LIBOR borrowings) are subject to adjustment based on Frontier's Total Leverage Ratio (as defined in the 2015 Credit Agreement).

Frontier has a credit agreement with CoBank, ACB, as administrative agent, lead arranger and a lender, and the other lenders party thereto, for a $350 million senior unsecured term loan facility (the 2014 CoBank Credit Agreement). The facility was drawn upon closing of the Connecticut Acquisition with proceeds used to partially finance the acquisition. The maturity date is October 24, 2019. Repayment of the outstanding principal balance will be made in quarterly installments of $9 million, which commenced on March 31, 2015 with the remaining outstanding principal balance to be repaid on the maturity date. Borrowings under the 2014 CoBank Credit Agreement will bear interest based on the margins over the Base Rate (as defined in the 2014 CoBank Credit Agreement) or LIBOR, at the election of Frontier. Interest rate margins under the facility (ranging from 0.875% to 2.875% for Base Rate borrowings and 1.875% to 3.875% for LIBOR borrowings) are subject to adjustments based on our Total Leverage Ratio, as such term is defined in the 2014 CoBank Credit Agreement. The interest rate on this facility at December 31, 2016 was LIBOR plus 3.375%.

Frontier has two senior secured credit agreements with CoBank, ACB, as administrative agent, lead arranger and a lender, and the other lenders party thereto: the first, for a $350 million senior term loan facility drawn in 2014 (the 2014 CoBank Credit Agreement), matures on October 24, 2019, and the second, for a $315 million senior term loan facility drawn in October 2016 (the 2016 CoBank Credit Agreement), matures on October 12, 2021. We refer to the 2014 CoBank Credit Agreement and the 2016 CoBank Credit Agreement collectively as the CoBank Credit Agreements.

Repayment of the outstanding principal balance under each of the CoBank Credit Agreements is being made in quarterly installments ($9 million, with respect to the 2014 CoBank Credit Agreement, and $8 million, with respect to the 2016 CoBank Credit Agreement), in each case with the remaining outstanding principal balance to be repaid on

the applicable maturity date. Borrowings under each of the CoBank Credit Agreements bear interest based on the margins over the Base Rate (as defined in the applicable CoBank Credit Agreement) or LIBOR, at the election of Frontier. Interest rate margins under the facilities (ranging from 0.875% to 2.875% for Base Rate borrowings and 1.875% to 3.875% for LIBOR borrowings) are subject to adjustments based on our Total Leverage Ratio, as such term is defined in the applicable CoBank Credit Agreement. The interest rate on these facilities at December 31, 2016 was LIBOR plus 3.375%.

Revolving Credit Facility

Borrowings under Frontier's Revolving Credit Agreement are secured by a pledge of the stock of Frontier North Inc.

Frontier has a revolving credit agreement with JPMorgan Chase Bank, N.A., as administrative agent, the lenders party thereto and the other parties named therein (the Revolving Credit Agreement), for a $750 million revolving credit facility (the Revolving Credit Facility) with a scheduled termination date of May 31, 2018. As of December 31, 2016, the Revolving Credit Facility was fully available and no borrowings had been made thereunder. Associated commitment fees under the Revolving Credit Facility will vary from time to time depending on our debt rating (as defined in the Revolving Credit Agreement) and were 0.45% per annum as of December 31, 2016. During the term of the Revolving Credit Facility, Frontier may borrow, repay and reborrow funds, and may obtain letters of credit, subject to customary borrowing conditions. Loans under the Revolving Credit Facility will bear interest based on the alternate base rate or the adjusted LIBO Rate (each as determined in the Revolving Credit Agreement), at our election, plus a margin based on our debt rating (ranging from 0.50% to 1.50% for alternate base rate borrowings and 1.50% to 2.50% for adjusted LIBO Rate borrowings). The interest rate on this facility would have been the alternate base rate plus 1.50% or the adjusted LIBO Rate plus 2.50%, respectively, as of December 31, 2016. Letters of credit issued under the Revolving Credit Facility will also be subject to fees that vary depending on our debt rating. The Revolving Credit Facility is available for general corporate purposes but may not be used to fund dividend payments.

On February 27, 2017, Frontier amended and restated its April 2021 term loan and its revolving credit facility, combining them into a single credit agreement and unifying the covenants. The amended and restated credit agreement provides Frontier with more flexible terms, increases the revolving credit facility to $850 million and extends the maturity of the revolving credit facility from 2018 to 2022. The determination of interest rates remains unchanged. The most significant change in the covenants is an increase of the maximum Leverage Ratio (as defined) to 5.25 to 1.0 initially, migrating to 5.0 to 1.0 beginning in the second quarter of 2018, 4.75 to 1.0 in the second quarter of 2019, and 4.5 to 1.0 in the second quarter of 2020. In addition, under the amended and restated credit agreement, Frontier will be expanding the security package to include pledges of the equity interests in certain Frontier subsidiaries and guaranties by certain Frontier subsidiaries.

Letters of Credit Facility

Frontier has a Continuing Agreement for Standby Letters of Credit with Deutsche Bank AG New York Branch (the LC Agreement). As of December 31, 2016, $105 million of undrawn Standby Letters of Credit had been issued under the LC Agreement. Borrowings under the LC Agreement are secured by a pledge of Frontier North Inc.

Covenants

The terms and conditions contained in our indentures, the CoBank Credit Agreements, the 2015 Credit Agreement and the Revolving 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 and restrictions on asset sales and transfers, mergers and other changes in corporate control subject to important qualifications and exceptions. We would be restricted from declaring dividends by the CoBank Credit Agreements, the 2015 Credit Agreement and the Revolving Credit Agreement if an event of default occurred and was continuing at the time or would result from the dividend declaration. In addition, under the Certificate of Designations of our 11.125% Mandatory Convertible Preferred Stock, Series A, we would be restricted from paying dividends on our common stock if we failed to declare and pay dividends on our Series A Preferred Stock.

The CoBank Credit Agreements, the 2015 Credit Agreement, and the Revolving Credit Agreement each contain a maximum leverage ratio covenant. Under those covenants, we are required to maintain a ratio of (i) total indebtedness minus cash and cash equivalents in excess of $50 million to (ii) consolidated adjusted EBITDA (as each such term is defined in the agreements) over the last four quarters not to exceed 4.50 to 1.

Indentures for our senior unsecured debt obligations limit our ability to create liens on our assets securing indebtedness and our subsidiaries' assets or merge or consolidate with other companies, our subsidiaries' ability to borrow funds and to engage in change of control transactions, subject to important exceptions and qualifications. The

indentures for our 8.875% Senior Notes due 2020, our 10.50% Senior Notes due 2022, and our 11.00% Senior Notes due 2025 contain covenants that are customary for similarly rated issuers. Among other things, these covenants limit our ability to incur additional indebtedness if our leverage ratio exceeds 4.5 to 1 (as defined in the indentures), limits liens and subsidiary debt to 1.25 times EBITDA (as defined in the indentures), limits cumulative restricted payments, including dividends, to cumulative EBITDA less 1.4 times cumulative interest expense (as defined in the indenture), if our leverage ratio does not exceed 4 to 1, and limits cumulative restricted payments, including dividends, to a lesser amount during periods, if any, in which our leverage ratio exceeds 4 to 1, and restricts our ability to divest substantially all of the assets of Frontier.

As of December 31, 2016, we were in compliance with all of our indenture and credit facility covenants.

Dividends

We intend to continue to pay regular quarterly dividends on our common and preferred stock. Our ability to fund a regular quarterly dividend will be impacted by our ability to generate cash from operations. Holders of the Series A Preferred Stock are 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 $214 million and $120 million were paid during 2016 and 2015, respectively.

The declaration and payment of future dividends on our common stock is at the discretion of our Board of Directors, and will depend upon many factors, including our financial condition, results of operations, growth prospects, funding requirements, payment of cumulative dividends on Series A Preferred Stock, applicable law, restrictions in agreements governing our indebtedness and other factors our Board of Directors deem relevant.

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 Contractual Obligations and Commitments

A summary of our future contractual obligations and commercial commitments as of December 31, 2016 is as follows:

		Payments due by period					
($ in millions)	Total	2017	2018	2019	2020	2021	Thereafter
Long-term debt obligations, excluding interest	$ 18,178	$ 363	$ 733	$ 818	$ 2,429	$ 2,554	$ 11,281
Interest on long-term debt	11,263	1,533	1,527	1,465	1,378	1,146	4,214
Operating lease obligations	247	91	18	18	23	21	76
Capital lease obligations	147	39	37	26	15	9	21
Financing lease obligations	105	9	9	9	9	9	60
Purchase obligations	108	42	41	7	6	2	10
Liability for uncertain tax positions	17	8	3	3	3	-	-
Total	$ 30,065	$ 2,085	$ 2,368	$ 2,346	$ 3,863	$ 3,741	$ 15,662

During 2016, we increased our outstanding performance letters of credit from $50 million to $125 million at December 31, 2016.

On April 29, 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, including $49 million in annual support related to the properties acquired in the CTF Acquisition, 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.

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. The estimates which require the most significant judgment are listed below.

These critical accounting estimates have been reviewed with our independent registered public accounting firm and with the Audit Committee of our Board of Directors. For a discussion of these and other accounting policies, see Note 1 of the Notes to Consolidated Financial Statements.

Allowance for Doubtful Accounts
We maintain an allowance for doubtful accounts based on our estimate of our ability to collect accounts receivable. Our estimates are based on assumptions and other considerations, including payment history, customer financial performance, carrier billing disputes and aging analysis. Our estimation process includes general and specific reserves and varies by customer category. In 2016 and 2015, we had no “critical estimates” related to bankruptcies of communications companies or any other significant customers. See Notes 1 and 4 of the Notes to Consolidated Financial Statements for additional discussion.

Indefinite-lived Intangibles
Our indefinite-lived intangibles consist of goodwill and trade name, which were 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 would more likely than not reduce the fair value of an operating segment 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.

We perform the two-step goodwill impairment test to identify potential goodwill impairment and measure the amount of a goodwill impairment loss to be recognized, if any. The first step in the goodwill impairment test compares the carrying value of net assets of the operating segment to its fair value. If the fair value exceeds the carrying value, no further testing is required. However, if the fair value is less than the carrying value, an indication of impairment exists and a second step is performed. These tests are performed at the reporting unit level, which at December 31, 2016, was our seven regional operating segments. In early 2017, we will evaluate changes to the management reporting that our chief operating decision makers review from this regional construct to a functional construct including consumer, commercial, operations and engineering, which may lead to different operating segments.

We use a market multiples approach to determine fair value. Marketplace company comparisons and analyst reports have historically supported a range of fair values of multiples between 5.0x and 7.9x annualized EBITDA. For the purpose of the goodwill impairment test we define 2016 EBITDA as operating income, net of acquisition and integration costs, non-cash pension and OPEB costs, and restructuring costs and other charges, plus depreciation and amortization. We estimated the enterprise fair value using a multiple of 5.8x EBITDA. Once determined, this estimate of enterprise fair value is then allocated to the operating segments based upon each unit’s relative share of consolidated EBITDA. The result of this first step indicated that fair values of each operating segment exceed their carrying values. As a result, the second step of the goodwill impairment test was not required. As an additional step to corroborate the results of the first step of the impairment test, we complete a reconciliation of our market capitalization and overall enterprise value to the fair value of all of our operating segments.

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. If the assumptions for either of our EBITDA or EBITDA multiple were to decrease by 10% there would be an indication of impairment. Declines in our stock price could also affect the reconciliation of our market capitalization and overall enterprise value to the fair value of all of our operating segments and indicate impairment. For more information on goodwill, see Note 6 of the Notes to Consolidated Financial Statements.

Depreciation and Amortization
The calculation of depreciation and amortization expense is based upon the estimated useful lives of the underlying property, plant and equipment and identifiable finite-lived intangible assets. Depreciation expense is principally based

on the composite group method for substantially all of our property, plant and equipment assets. The estimates for remaining lives of the various asset categories are determined annually, based on an independent study. Among other considerations, these studies include models that consider actual usage, replacement history and assumptions about technology evolution for each category of asset. The latest study was completed in the fourth quarter of 2016 and did not result in any significant changes in remaining lives for any of our asset categories. A one year decrease in the estimated useful lives of our property, plant and equipment would result in an increase of approximately $157 million to depreciation expense.

Our finite-lived intangibles consist principally of customer base; $2,428 million from the 2010 Acquisition, $570 million from the Connecticut Acquisition and $2,090 million from the recently completed CTF Acquisition. These customer bases are being amortized on an accelerated method because this method most closely resembles the projected underlying revenue streams. In assigning lives, which range from between eight and 12 years, a separate evaluation and determination is made for residential and business customers.

See Notes 5 and 6 of the Notes to Consolidated Financial Statements for additional discussion.

Asset Impairments
We review long-lived assets to be held and used, including customer lists and long-lived assets to be disposed of for impairment at least annually or whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Recoverability of assets to be held and used is measured by comparing the carrying amount of the asset to the estimated fair value, which is based on the future undiscounted net cash flows expected to be generated by the asset. Recoverability of assets held for sale is measured by comparing the carrying amount of the assets to their estimated fair market value. If any assets are considered to be impaired, the impairment is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value. Also, we periodically reassess the useful lives of our tangible and intangible assets to determine whether any changes are required.

Pension and Other Postretirement Benefits
We sponsor a defined benefit pension plan covering a significant number of our current and former employees as well as other postretirement benefit plans that provide medical, dental, life insurance and other benefits for covered retired employees and their beneficiaries and covered dependents. As of December 31, 2016, the unfunded benefit obligation for these plans recorded on our consolidated balance sheet was $1,625 million. During 2016, we contributed $28 million to these plans and recorded $155 million of expense before capitalization, including $26 million of special termination benefits. Pension and other postretirement benefit costs and obligations are dependent upon various actuarial assumptions, the most significant of which are the discount rate and the expected long-term rate of return on plan assets.

Our discount rate assumption is determined annually with assistance from our actuaries based on the pattern of expected future benefit payments and the prevailing rates available on long-term, high quality corporate bonds with durations approximate to that of our benefit obligation. As of December 31, 2016 and 2015, we utilized an estimation technique that is based upon a settlement model (Bond:Link) that permits us to closely match cash flows to the expected payments to participants. This rate can change from year-to-year based on market conditions that affect corporate bond yields.

We are utilizing a discount rate of 4.10% as of December 31, 2016 for our qualified pension plan, compared to rates of 4.50% and 4.10% in 2015 and 2014, respectively. The discount rate for postretirement plans as of December 31, 2016 was a range of 4.10% to 4.30% compared to a range of 4.50% to 4.70% in 2015 and 4.10% to 4.20% in 2014.

In the following table, we show the estimated sensitivity of our pension and other postretirement benefit plan liabilities to a 25 basis point change in the discount rate as of December 31, 2016:

($ in millions)	Increase in Discount Rate of 25 bps	Decrease in Discount Rate of 25 bps
Pension plans		
Projected benefit obligation	$ (81)	$ 84
Other postretirement plans		
Accumulated postretirement benefit obligation	$ (33)	$ 34

In developing the expected long-term rate of return assumption, we considered published surveys of expected market returns, 10 and 20 year actual returns of various major indices, and our own historical 5 year, 10 year and 20 year investment returns. The expected long-term rate of return on plan assets is based on an asset allocation assumption of 40% in long-duration fixed income securities, and 60% in equity securities and other investments. We review our asset allocation at least annually and make changes when considered appropriate. Our asset return assumption is made at the beginning of our fiscal year. In 2016, 2015 and 2014, our expected long-term rate of return on plan assets was 7.50%, 7.75% and 7.75%, respectively. Our actual return on plan assets in 2016 was 10.39%. For 2017, we will assume a rate of return of 7.50%. Our pension plan assets are valued at fair value as of the measurement date.

For additional information regarding our pension and other postretirement benefits see Note 17 to the Notes to Consolidated Financial Statements.

Income Taxes

We file a consolidated federal income tax return. We utilize the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred income taxes are recorded for the tax effect of temporary differences between the financial statement basis and the tax basis of assets and liabilities using tax rates expected to be in effect when the temporary differences are expected to reverse. Actual income taxes could vary from these estimates due to future changes in governing law or review by taxing authorities.

We use a “more likely than not” threshold to the recognition and derecognition of uncertain tax positions either taken or expected to be taken in Frontier’s income tax returns. The total amount of our gross tax liability for tax positions that may not be sustained under a “more likely than not” threshold amounts to $17 million as of December 31, 2016 including interest of $1 million. For additional information regarding our accounting for income taxes see Note 12 of the Notes to Consolidated Financial Statements.

Business Combinations

We allocate the total cost of an acquisition to the underlying net assets based on their respective estimated fair values. As part of this allocation process, we identify and attribute values and estimated lives to the intangible assets acquired. These determinations involve significant estimates and assumptions about several highly subjective variables, including future cash flows, discount rates, and asset lives. There are also different valuation models for each component, the selection of which requires considerable judgment. Our estimates and assumptions may be based, in part, on the availability of listed market prices or other transparent market data. These determinations will affect the amount of amortization expense recognized in future periods. We base our fair value estimates on assumptions we believe are reasonable, but recognize that the assumptions are inherently uncertain. Depending on the size of the purchase price of a particular acquisition and the mix of intangible assets acquired, the purchase price allocation could be materially impacted by applying a different set of assumptions and estimates. Frontier allocated $9,871 million and $2,018 million in total consideration to the “fair market value” of the assets and liabilities acquired in the CTF Acquisition and the Connecticut Acquisition, respectively. The estimates of the fair values assigned to property, plant and equipment, customer list and goodwill, are more fully described in Note 3 of the Notes to Consolidated Financial Statements.

Recent Accounting Pronouncements

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

Item 7A. 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 December 31, 2016, 88% of our long-term debt had fixed interest rates. We had no interest rate swap agreements related to our fixed rate debt in effect at December 31, 2016 and 2015. 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, only $2,151 million of our outstanding borrowings at December 31, 2016 have floating interest rates. Our undrawn $750 million revolving credit facility has interest rates that float with the LIBO Rate, 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 at December 31, 2016, a near-term change in interest rates would not materially affect our consolidated financial position, results of operations or cash flows.

At December 31, 2016, the fair value of our long-term debt was estimated to be approximately $17.5 billion, based on prevailing interest rates, our overall weighted average borrowing rate of 8.55% and our overall weighted average maturity of approximately eight years. As of December 31, 2016, there has been no significant change in the weighted average maturity applicable to our obligations since December 31, 2015.

Equity Price Exposure

Our exposure to market risks for changes in equity security prices as of December 31, 2016 is limited to our pension plan assets. We have no other security investments of any significant amount.

Our pension plan assets increased from $1,572 million at December 31, 2015 to $2,766 million at December 31, 2016, an increase of $1,194 million, or 76%. This increase was a result of cash transfers and accounts receivable from Verizon and the Verizon pension plan trusts of $1,125 million related to the CTF Acquisition, positive investment returns of $195 million, net of investment management and administrative fees, and contributions of $28 million, partially offset by benefit payments of $154 million.

Item 8. Financial Statements and Supplementary Data

The following documents are filed as part of this Report:

1. Financial Statements - See Index on page F-1.

2. Supplementary Data - Quarterly Financial Data is included in the Financial Statements (see 1. above).

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

(i) 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, December 31, 2016, that our disclosure controls and procedures were effective.

(ii) Internal Control Over Financial Reporting

(a) Management's annual report on internal control over financial reporting

Our management report on internal control over financial reporting appears on page F-2.

(b) Report of registered public accounting firm

The report of KPMG LLP, our independent registered public accounting firm, on internal control over financial reporting appears on page F-4.

(c) Changes in internal control over financial reporting

We reviewed our internal control over financial reporting at December 31, 2016. There have been no changes in our internal control over financial reporting identified in an evaluation thereof that occurred during the last fiscal quarter of 2016 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Certain of the information required by this Item is incorporated by reference from our definitive proxy statement for the 2017 Annual Meeting of Stockholders to be filed with the SEC pursuant to Regulation 14A within 120 days after December 31, 2016.

Executive Officers of the Registrant

Our Executive Officers as of February 10, 2017 were:

Name	Age	Current Position and Officer
Kenneth A. Arndt	52	Executive Vice President, Commercial Sales Operations
Donald Daniels	49	Senior Vice President and Controller
Steve Gable	43	Executive Vice President and Chief Technology Officer
John J. Lass	60	Executive Vice President, Customer Operations
R. Perley McBride	51	Executive Vice President and Chief Financial Officer
Daniel J. McCarthy	52	President and Chief Executive Officer and a Director
Cecilia K. McKenney	54	Executive Vice President and Chief Customer Officer
Mark D. Nielsen	52	Executive Vice President and Chief Legal Officer
Tim Travaille	59	Executive Vice President, Operational Transformation
Kathleen Weslock	61	Executive Vice President and Chief People Officer

There is no family relationship between the directors or executive officers. The term of office of each of the foregoing officers of Frontier is annual and will continue until a successor (if any) has been elected and qualified.

KENNETH A. ARNDT has been with Frontier since 2003 and was appointed Executive Vice President, Commercial Sales Operations, in December 2016. Mr. Arndt previously had oversight of Frontier's operations in Connecticut, New York, Ohio, Pennsylvania and West Virginia. Before joining Frontier, Mr. Arndt served as Vice President of Marketing for Lucent Technologies and Vice President of Sales and Marketing for Commonwealth Telephone Company in Pennsylvania.

DONALD DANIELS joined Frontier in July 2014 as Senior Vice President and Controller. From October 2002 to July 2014 he held various positions with JetBlue Airways Corporation, including Corporate Controller, Chief Accounting Officer, Vice President and Controller, Assistant Controller, and Director of Financial Reporting. Prior to that Mr. Daniels held various positions of increasing responsibility at Delta Air Lines and Deloitte and Touche, LLP. Mr. Daniels is a veteran of the United States Army and a certified public accountant.

STEVE GABLE became Executive Vice President and Chief Technology Officer of Frontier in April 2015. He joined Frontier in November 2012 as Senior Vice President and Chief Information Officer. Prior to Frontier, Mr. Gable was Executive Vice President/CTO of Tribune Company while also serving as President of Tribune Digital. Before Tribune, Mr. Gable served as Vice President of Technology for Clear Channel Radio.

JOHN J. LASS has been with Frontier since 1980 and was appointed Executive Vice President, Customer Operations, in November 2016. Previously, Mr. Lass was Executive Vice President, Field Operations. He has also served as President of Frontier's Central Region (comprising Illinois, Indiana, Iowa, Michigan, Minnesota and Nebraska), Vice President of Revenue Assurance and as Regional Operations Vice President at Frontier, Vice President and General Manager of Citizens Utilities Vermont Electric Division, and has held operations positions in New York and the Midwest with Frontier, GTE and Contel.

R. PERLEY MCBRIDE became Chief Financial Officer and Executive Vice President of Frontier on November 4, 2016. Prior to joining Frontier, Mr. McBride was the Chief Financial Officer of Cable & Wireless Communications Plc until its May 2016 acquisition by Liberty Global plc. Previously, Mr. McBride served as Chief Financial Officer at Leap Wireless International from December 2012 through May 2014 and was part of the Executive team that led the business through its acquisition by AT&T Inc. Prior to Leap Wireless, he served as Executive Vice President of Finance at The Weather Company, owner of The Weather Channel among other assets, between 2010 and 2012. He also served in several senior financial management roles at Frontier between 1999 and 2010, and also between 1994 and 1997.

DANIEL J. McCARTHY has been with Frontier since December 1990 and is the President and Chief Executive Officer. Prior to becoming President and Chief Executive Officer in April 2015, Mr. McCarthy held other positions of responsibility at Frontier, including President and Chief Operating Officer, from April 2012 to April 2015, Executive Vice President and Chief Operating Officer, from January 2006 to April 2012, and Senior Vice President, Field Operations, from December 2004 to December 2005. Mr. McCarthy serves as a Trustee of Sacred Heart University in Fairfield, Connecticut, and of Foundations in Education for the Diocese of Bridgeport, Connecticut. He is a member of the Board of Directors of the Western Connecticut Health Network, the Board of Directors of the Business Council of Fairfield County, and a member of the Business Roundtable. He is also a director of Constellation Brands, Inc.

CECILIA K. McKENNEY has been with Frontier since February 2006. She is currently Executive Vice President and Chief Customer Officer. Before this, she was Executive Vice President, Frontier Secure and Administration. Previously, she was Executive Vice President, Human Resources and Sales Operations from May 2012 to January 2013, Executive Vice President, Human Resources and Call Center Sales & Service from February 2008 to May 2012 and Senior Vice President, Human Resources from February 2006 to February 2008. Prior to joining Frontier, she was Group Vice President, Headquarters Human Resources, of The Pepsi Bottling Group (PBG) from 2004 to 2005. Previously at PBG Ms. McKenney was Vice President, Headquarters Human Resources from 2000 to 2004.

MARK D. NIELSEN joined Frontier in March 2014 and is Executive Vice President and Chief Legal Officer. Prior to joining Frontier, he was Associate General Counsel and Chief Compliance Officer for Praxair Inc. and Vice President and Assistant General Counsel of Raytheon Company. Before that, Mr. Nielsen served as Chief Legal Counsel, and then Chief of Staff, to Massachusetts Governor Mitt Romney from 2004 to 2007.

TIM TRAVAILLE has been with Frontier since 2010 and is Executive Vice President, Operational Transformation. Previously, he held other positions at Frontier, including Senior Vice President of Integration, Chief Information Officer and General Manager for Frontier in Washington State.

KATHLEEN WESLOCK joined Frontier as Executive Vice President and Chief People Officer in July 2015. Previously, she had worked as Senior Vice President/Chief Human Resources Officer at Cisco Systems, Inc. and Senior Vice President, Chief Human Resources Officer & Internal Communications, at SunGard Data Systems. She has also worked as Director of Human Resources, Financial Advisory Services, at Deloitte and Director of Global Human Resources at the global law firm Shearman & Sterling.

Item 11. Executive Compensation

The information required by this Item is incorporated by reference from our definitive proxy statement for the 2017 Annual Meeting of Stockholders to be filed with the SEC pursuant to Regulation 14A within 120 days after December 31, 2016.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this Item is incorporated by reference from our definitive proxy statement for the 2017 Annual Meeting of Stockholders to be filed with the SEC pursuant to Regulation 14A within 120 days after December 31, 2016.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this Item is incorporated by reference from our definitive proxy statement for the 2017 Annual Meeting of Stockholders to be filed with the SEC pursuant to Regulation 14A within 120 days after December 31, 2016.

Item 14. Principal Accountant Fees and Services

The information required by this Item is incorporated by reference from our definitive proxy statement for the 2017 Annual Meeting of Stockholders to be filed with the SEC pursuant to Regulation 14A within 120 days after December 31, 2016.

PART IV

Item 15. Exhibits and Financial Statement Schedules

List of Documents Filed as a Part of This Report:

(1) Index to Consolidated Financial Statements:

Reports of Independent Registered Public Accounting Firm

Consolidated Balance Sheets as of December 31, 2016 and 2015

Consolidated Statements of Operations for the years ended December 31, 2016, 2015 and 2014

Consolidated Statements of Comprehensive Loss for the years ended December 31, 2016, 2015 and 2014

Consolidated Statements of Equity for the years ended December 31, 2016, 2015 and 2014

Consolidated Statements of Cash Flows for the years ended December 31, 2016, 2015 and 2014

Notes to Consolidated Financial Statements

All other schedules have been omitted because the required information is included in the consolidated financial statements or the notes thereto, or is not applicable or not required.

(2) Index to Exhibits:

All documents referenced below were filed pursuant to the Securities Exchange Act of 1934 by Frontier, file number 001-11001, unless otherwise indicated.

Exhibit No.	Description
2.1	Stock Purchase Agreement, dated as of December 16, 2013, by and between AT&T Inc. and Frontier (filed as Exhibit 2.1 to Frontier's Current Report on Form 8-K filed on December 17, 2013).*
2.2	Securities Purchase Agreement, dated as of February 5, 2015, by and between Verizon Communications Inc. and Frontier (filed as Exhibit 2.1 to Frontier's Current Report on Form 8-K filed on February 5, 2015).*
3.1	Restated Certificate of Incorporation (filed as Exhibit 3.200.1 to Frontier's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2000).*
3.2	Certificate of Amendment of Restated Certificate of Incorporation, effective July 31, 2008 (filed as Exhibit 3.1 to Frontier's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2008).*
3.3	Certificate of Amendment of Restated Certificate of Incorporation, effective June 28, 2010 (filed as Exhibit 99.2 to Frontier's Current Report on Form 8-K filed July 1, 2010).*
3.4	By-laws, as amended February 6, 2009 (filed as Exhibit 99.1 to Frontier's Current Report on Form 8-K filed on February 6, 2009).*
3.5	Certificate of Designations of 11.125% Mandatory Convertible Preferred Stock, Series A (filed as Exhibit 3.5 to the Current Report on Form 8-K filed on June 10, 2015).*
4.1	Indenture of Securities, dated as of August 15, 1991, between Frontier and JPMorgan Chase Bank, N.A. (as successor to Chemical Bank), as Trustee (the "August 1991 Indenture") (filed as Exhibit 4.100.1 to Frontier's Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 1991).*
4.2	Fourth Supplemental Indenture to the August 1991 Indenture, dated October 1, 1994, between Frontier and JPMorgan Chase Bank, N.A. (as successor to Chemical Bank), as Trustee, with respect to 7.68% Debentures due 2034 (filed as Exhibit 4.100.7 to Frontier's Current Report on Form 8-K filed on January 3, 1995).*
4.3	Fifth Supplemental Indenture to the August 1991 Indenture, dated as of June 15, 1995, between Frontier and JPMorgan Chase Bank, N.A. (as successor to Chemical Bank), as Trustee, with respect to 7.45% Debentures due 2035 (filed as Exhibit 4.100.8 to Frontier's Current Report on Form 8-K filed on March 29, 1996 (the "March 29, 1996 8-K")).*
4.4	Sixth Supplemental Indenture to the August 1991 Indenture, dated as of October 15, 1995, between Frontier and JPMorgan Chase Bank, N.A. (as successor to Chemical Bank), as Trustee, with respect to 7% Debentures due 2025 (filed as Exhibit 4.100.9 to the March 29, 1996 8-K).*

4.5 Seventh Supplemental Indenture to the August 1991 Indenture, dated as of June 1, 1996, between Frontier and JPMorgan Chase Bank, N.A. (as successor to Chemical Bank), as Trustee, with respect to 6.8% Debentures due 2026 (filed as Exhibit 4.100.11 to Frontier's Annual Report on Form 10-K for the year ended December 31, 1996 (the "1996 10-K")).*

4.6 Eighth Supplemental Indenture to the August 1991 Indenture, dated as of December 1, 1996, between Frontier and JPMorgan Chase Bank, N.A. (as successor to Chemical Bank), as Trustee, with respect to 7.05% Debentures due 2046 (filed as Exhibit 4.100.12 to the 1996 10-K).*

4.7 Indenture, dated as of August 16, 2001, between Frontier and JPMorgan Chase Bank, N.A. (as successor to The Chase Manhattan Bank), as Trustee, with respect to 9% Senior Notes due 2031 (including the form of note attached thereto) (filed as Exhibit 4.1 of Frontier's Current Report on Form 8-K filed on August 22, 2001).*

4.8 Indenture, dated as of December 22, 2006, between Frontier and The Bank of New York, as Trustee, with respect to 7.875% Senior Notes due 2027 (including the form of note attached thereto) (filed as Exhibit 4.1 to Frontier's Current Report on Form 8-K filed on December 29, 2006).*

4.9 Indenture dated as of March 23, 2007 by and between Frontier and The Bank of New York with respect to the 7.125% Senior Notes due 2019 (including the form of such note attached thereto) (filed as Exhibit 4.2 to the March 27, 2007 8-K).*

4.10 Indenture dated as of April 9, 2009, between Frontier and The Bank of New York Mellon, as Trustee (the "April 2009 Indenture") (filed as Exhibit 4.1 to Frontier's Current Report on Form 8-K filed on April 9, 2009 (the "April 9, 2009 8-K")).*

4.11 Second Supplemental Indenture to the April 2009 Indenture, dated as of October 1, 2009, between Frontier and The Bank of New York Mellon, as Trustee, with respect to 8.125% Senior Notes due 2018 (including the form of note attached thereto) (filed as Exhibit 4.1 to Frontier's Current Report on Form 8-K filed on October 1, 2009).*

4.12 Third Supplemental Indenture to the April 2009 Indenture, dated as of May 22, 2012, between Frontier and The Bank of New York Mellon, as Trustee, with respect to 9.25% Senior Notes due 2021 (filed as Exhibit 4.1 to Frontier's Current Report on Form 8-K filed on May 22, 2012 (the "May 22, 2012 8-K")).*

4.13 Form of Senior Note due 2021 (filed as Exhibit 4.2 to the May 22, 2012 8-K).*

4.14 Fourth Supplemental Indenture to the April 2009 Indenture, dated as of August 15, 2012, between Frontier and The Bank of New York Mellon, as Trustee, with respect to 7.125% Senior Notes due 2023 (the "Fourth Supplement to April 2010 Indenture") (filed as Exhibit 4.1 to Frontier's Current Report on Form 8-K filed on August 15, 2012 (the "August 15, 2012 8-K")).*

4.15 Form of Senior Note due 2023 (filed as Exhibit 4.2 to the August 15, 2012 8-K).*

4.16 First Amendment to the Fourth Supplement to April 2009 Indenture, dated as of October 1, 2012, between Frontier and The Bank of New York Mellon, as Trustee, with respect to 7.125% Senior Notes due 2023 (filed as Exhibit 4.1 to Frontier's Current Report on Form 8-K filed on October 1, 2012).*

4.17 Fifth Supplemental Indenture to the April 2009 Indenture, dated as of April 10, 2013, between Frontier and The Bank of New York Mellon, as Trustee, with respect to 7.625% Senior Notes due 2024 (filed as Exhibit 4.1 to Frontier's Current Report on Form 8-K filed on April 10, 2013 (the "April 10, 2013 8-K").*

4.18 Sixth Supplemental Indenture to the April 2009 Indenture, dated as of September 17, 2014, between Frontier Communications Corporation and The Bank of New York Mellon, as Trustee (including the form of 6.250% Senior Notes due 2021) (filed as Exhibit 4.1 to Frontier's Current Report on Form 8-K filed on September 17, 2014 (the "September 17, 2014 8-K")).*

4.19 Seventh Supplemental Indenture to the April 2009 Indenture, dated as of September 17, 2014, between Frontier Communications Corporation and The Bank of New York Mellon, as Trustee, with respect to 6.875% Senior Notes due 2025 (including the form of notes attached thereto) (filed as Exhibit 4.2 to the September 17, 2014 8-K).*

4.20 Form of Senior Note due 2024 (filed as Exhibit 4.2 to the April 10, 2013 8-K).*

4.21 Indenture, dated as of April 12, 2010 (the "April 2010 Indenture"), as amended, between New Communications Holdings Inc. ("Spinco") and The Bank of New York Mellon, as Trustee (including the forms of notes attached thereto) (filed as Exhibit 4.22 to Spinco's Registration Statement on Form 10 filed on April 20, 2010 (File No. 000-53950) (the "Spinco Form 10")).*

4.22 First Supplemental Indenture to the April 2010 Indenture, dated as of July 1, 2010, between Frontier and The Bank of New York Mellon, as Trustee, with respect to 7.875% Senior Notes due 2015, 8.25% Senior Notes due 2017, 8.5% Senior Notes due 2020, and 8.75% Senior Notes due 2022 (filed as Exhibit 4.2 to Frontier's Registration Statement on Form S-4 filed on July 2, 2010 (File No. 333-167962)).*

4.23 Indenture, dated as of January 1, 1994, between Frontier North Inc. (formerly GTE North Incorporated) and Bank of New York Mellon (as successor to The First National Bank of Chicago), as Trustee (the "Frontier North Indenture") (filed as Exhibit 4.1 to Frontier's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2010).*

4.24 First Supplemental Indenture to the Frontier North Indenture, dated as of May 1, 1996, between Frontier North Inc. (formerly GTE North Incorporated) and Bank of New York Mellon (as successor to The First National Bank of Chicago), as Trustee (filed as Exhibit 4.2 to Frontier's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2010).*

4.25 Form of Debenture under the Frontier North Indenture (filed as Exhibit 4.24 to Frontier's Annual Report on Form 10-K for the year ended December 31, 2011 (the "2011 10-K")).*

4.26 Base Indenture, dated as of September 25, 2015 (the "2015 Base Indenture"), between Frontier Communications Corporation and The Bank of New York Mellon, as trustee (filed as Exhibit 4.1 to Frontier's Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2015 (the "September 30, 2015 10-Q")).*

4.27 First Supplemental Indenture to the 2015 Base Indenture, dated as of September 25, 2015, between Frontier Communications Corporation and The Bank of New York Mellon, as trustee, with respect to 8.875% Senior Notes due 2020 (including the forms of notes attached thereto) (filed as Exhibit 4.2 to the September 30, 2015 10-Q).*

4.28 Second Supplemental Indenture to the 2015 Base Indenture, dated as of September 25, 2015, between Frontier Communications Corporation and The Bank of New York Mellon, as trustee, with respect to 10.500% Senior Notes due 2022 (including the forms of notes attached thereto) (filed as Exhibit 4.3 to the September 30, 2015 10-Q).*

4.29 Third Supplemental Indenture to the 2015 Base Indenture, dated as of September 25, 2015, between Frontier Communications Corporation and The Bank of New York Mellon, as trustee, with respect to 11.000% Senior Notes due 2025 (including the forms of notes attached thereto) (filed as Exhibit 4.4 to the September 30, 2015 10-Q). *

4.30 Restated Indenture, dated as of March 25, 2008, between Southwestern Associated Telephone Company and First National Bank in Dallas, as trustee (filed as Exhibit 4.1 to Frontier's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2016 (the "June 30, 2016 10-Q")).*

4.31 Indenture, dated as of December 1, 1993, between GTE California Incorporated and Bank of America National Trust and Savings Association, as trustee (the "California Indenture") (filed as Exhibit 4.2 to the June 30, 2016 10-Q). *

4.32 First Supplemental Indenture to the California Indenture dated as of April 15, 1996, between GTE California Incorporated and First Trust of California, National Association, as trustee (filed as Exhibit 4.3 to the June 30, 2016 10-Q). *

4.33 Indenture, dated as of November 1, 1993, between GTE Florida Incorporated and Nations Bank of Georgia, National Association, as trustee (the "Florida Indenture") (filed as Exhibit 4.4 to the June 30, 2016 10-Q). *

4.34 First Supplemental Indenture to the Florida Indenture dated as of January 1, 1998, between GTE Florida Incorporated and the Bank of New York, as trustee (filed as Exhibit 4.5 to the June 30, 2016 10-Q). *

10.1 Credit Agreement, dated as of June 2, 2014, by and among Frontier, as the Borrower, and the Lenders party thereto and CoBank, ACB, as Administrative Agent (filed as Exhibit 10.1 to Frontier's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2014 (the "June 30, 2014 10-Q") (the "2014 CoBank Credit Agreement")).*

10.2 Second Amendment, dated as of March 5, 2015, to the 2014 CoBank Credit Agreement, among Frontier, as the Borrower, and CoBank, ACB, as the Administrative Agent and the Lenders referred to therein (filed as Exhibit 10.2 to the March 5, 2015 8-K).*

10.3 Credit Agreement, dated as of October 12, 2016, by and among Frontier, as the Borrower, the Lenders party thereto and CoBank, ACB, as the Administrative Agent (filed as Exhibit 10 to Frontier's Current Report on Form 8-K filed on October 12, 2016).*

10.4 First Amended and Restated Credit Agreement, dated as of February 27, 2017, among Frontier, the Lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent (filed as Exhibit 10 to Frontier's Current Report on Form 8-K filed on February 28, 2017).*

10.5 Tax Sharing Agreement, dated as of May 13, 2009, by and among Verizon Communications Inc. ("Verizon"), New Communications Holdings Inc. ("Spinco") and Frontier, (filed as Exhibit 10.3 to Frontier's Current Report on Form 8-K filed on May 15, 2009).*

10.6 Agreement Regarding Intellectual Property Matters, dated as of March 23, 2010, among Frontier, Spinco and Verizon (filed as Exhibit 10.12 to the Spinco Form 10).*

10.7 Non-Employee Directors' Deferred Fee Equity Plan, as amended and restated December 29, 2008 (filed as Exhibit 10.7 to Frontier's Annual Report on Form 10-K for the year ended December 31, 2008 (the "2008 10-K"). *

10.8 Non-Employee Directors' Equity Incentive Plan, as amended and restated December 29, 2008 (filed as Exhibit 10.8 to the 2008 10-K).*

10.9	Separation Agreement between Frontier and Leonard Tow effective July 10, 2004 (filed as Exhibit 10.2.4 of Frontier's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2004).*
10.10	1996 Equity Incentive Plan, as amended and restated December 29, 2008 (filed as Exhibit 10.11 to the 2008 10-K).*
10.11	2013 Frontier Bonus Plan (filed as Appendix A to Frontier's Proxy Statement dated March 25, 2013 (the "2013 Proxy Statement")).*
10.12	Amended and Restated 2000 Equity Incentive Plan, as amended and restated December 29, 2008 (filed as Exhibit 10.13 to the 2008 10-K).*
10.13	2009 Equity Incentive Plan (filed as Appendix A to Frontier's Proxy Statement dated April 6, 2009).*
10.14	2013 Equity Incentive Plan (filed as Appendix B to the 2013 Proxy Statement).*
10.15	Separation Agreement and Release, dated September 14, 2016, between Frontier and John M. Jureller (filed as Exhibit 10.1 to Frontier's Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2016 (the "September 30, 2016 10-Q")).*
10.16	Offer of Employment Letter, dated September 1, 2016, between Frontier and R. Perley McBride (filed as Exhibit 10.2 to the September 30, 2016 10-Q). *
10.17	Change in Control Letter Agreement, dated April 27, 2012, between Frontier and Daniel J. McCarthy (filed as Exhibit 10.1 to Frontier's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2012).*
10.18	Offer of Employment Letter, dated February 25, 2015, between Frontier and Daniel J. McCarthy (filed as Exhibit 10.1 to Frontier's Current Report on Form 8-K filed on March 3, 2015 (the "March 3, 2015 8-K")).*
10.19	Offer of Employment Letter, dated January 13, 2006, between Frontier and Cecilia K. McKenney ("McKenney Offer Letter") (filed as Exhibit 10.1 to Frontier's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2008).*
10.20	Amendment, dated May 31, 2012, to Offer of Employment Letter, dated January 13, 2006, between Frontier and Cecilia K. McKenney (filed as Exhibit 10.5 to the June 30, 2012 10-Q).*
10.21	Amended and Restated Employment Agreement, dated as of March 8, 2013, between Frontier and Mary Agnes Wilderotter (filed as Exhibit 10.1 to Frontier's Current Report on Form 8-K filed on March 13, 2013 (the "Wilderotter Employment Agreement")).*
10.22	Amendment to the Wilderotter Employment Agreement, dated as of February 25, 2015, between Frontier and Mary Agnes Wilderotter (filed as Exhibit 10.2 to the March 3, 2015 8-K).*
10.23	Offer of Employment Letter, dated January 15, 2014, between Frontier and Mark D. Nielsen (filed as Exhibit 10.1 to the June 30, 2014 10-Q).*
10.24	Offer of Employment Letter, dated June 9, 2014, between Frontier and Donald W. Daniels, Jr. (filed as Exhibit 10.3 to the June 30, 2014 10-Q).*
10.25	Form of Restricted Stock Agreement for CEO (filed as Exhibit 10.32 to Frontier's Annual Report on Form 10-K for the year ended December 31, 2009 (the "2009 10-K").*
10.26	Form of Restricted Stock Agreement for named executive officers other than CEO (filed as Exhibit 10.33 to the 2009 10-K).*
10.27	Form of LTIP Agreement for CEO (filed as Exhibit 10.32 to the 2012 10-K).*
10.28	Form of LTIP Agreement for named executive officers other than CEO (filed as exhibit 10.33 to the 2012 10-K).*
10.29	Summary of Non-Employee Directors' Compensation Arrangements Outside of Formal Plans.
12	Computation of ratio of earnings to fixed charges (this item is included herein for the sole purpose of incorporation by reference).
21	Subsidiaries of the Registrant.
23	Consent of Independent Registered Public Accounting Firm.
31.1	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934 (the "1934 Act").
31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) under the 1934 Act.
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.INS	XBRL Instance Document.
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.

Exhibits 10.7 through 10.29 are management contracts or compensatory plans or arrangements.

* Incorporated by reference.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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
(Registrant)

By: /s/ Daniel J. McCarthy
Daniel J. McCarthy
President and Chief Executive Officer

February 28, 2017

FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on the 28th day of February 2017.

Signature	Title
/s/ Leroy T. Barnes, Jr. (Leroy T. Barnes, Jr.)	Director
/s/ Peter C. B. Bynoe (Peter C. B. Bynoe)	Director
/s/ Donald Daniels (Donald Daniels)	Senior Vice President & Controller (Principal Accounting Officer)
/s/ Diana S. Ferguson (Diana S. Ferguson)	Director
/s/ Edward Fraioli (Edward Fraioli)	Director
/s/ R. Perley McBride (R. Perley McBride)	Executive Vice President and Chief Financial Officer (Principal Financial Officer)
/s/ Daniel J. McCarthy (Daniel J. McCarthy)	Director, President and Chief Executive Officer (Principal Executive Officer)
/s/ Pamela D.A. Reeve (Pamela D.A. Reeve)	Director
/s/ Virginia P. Ruesterholz (Virginia P. Ruesterholz)	Director
/s/ Howard L. Schrott (Howard L. Schrott)	Director
/s/ Larraine D. Segil (Larraine D. Segil)	Director
/s/ Mark Shapiro (Mark Shapiro)	Director
/s/ Myron A. Wick III (Myron A. Wick III)	Director

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FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES
Index to Consolidated Financial Statements

Management's Report On Internal Control Over Financial Reporting

The Board of Directors and Shareholders
Frontier Communications Corporation:

The management of Frontier Communications Corporation and subsidiaries is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f).

Under the supervision and with the participation of our management, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on our evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2016.

Our independent registered public accounting firm, KPMG LLP, has audited the consolidated financial statements included in this report and, as part of their audit, has issued their report, included herein, on the effectiveness of our internal control over financial reporting.

/s/ Daniel J. McCarthy	/s/ R. Perley McBride
Daniel J. McCarthy	R. Perley McBride
President and Chief Executive Officer	Executive Vice President and Chief Financial Officer

Norwalk, Connecticut
February 28, 2017

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Frontier Communications Corporation:

We have audited the accompanying consolidated balance sheets of Frontier Communications Corporation and subsidiaries as of December 31, 2016 and 2015, and the related consolidated statements of operations, comprehensive loss, equity and cash flows for each of the years in the three-year period ended December 31, 2016. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Frontier Communications Corporation and subsidiaries as of December 31, 2016 and 2015, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2016, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Frontier Communications Corporation and subsidiaries internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 28, 2017 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP

Stamford, Connecticut
February 28, 2017

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Frontier Communications Corporation:

We have audited Frontier Communications Corporation and subsidiaries' internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Frontier Communications Corporation's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report On Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Frontier Communications Corporation and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control – Integrated Framework (2013) issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Frontier Communications Corporation and subsidiaries as of December 31, 2016 and 2015, and the related consolidated statements of operations, comprehensive loss, equity and cash flows for each of the years in the three-year period ended December 31, 2016, and our report dated February 28, 2017 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

Stamford, Connecticut
February 28, 2017

FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2016 AND 2015
($ in millions and shares in thousands, except for per-share amounts)

	2016	2015
ASSETS		
Current assets:		
Cash and cash equivalents	$ 522	$ 936
Accounts receivable, less allowances of $131 and $57, respectively	938	571
Restricted cash	-	8,444
Prepaid expenses	88	100
Income taxes and other current assets	108	80
Total current assets	1,656	10,131
Property, plant and equipment, net	14,902	8,493
Goodwill	9,674	7,166
Other intangibles, net	2,662	1,143
Other assets	119	151
Total assets	$ 29,013	$ 27,084
LIABILITIES AND EQUITY		
Current liabilities:		
Long-term debt due within one year	$ 363	$ 384
Accounts payable	698	467
Advanced billings	301	160
Accrued other taxes	134	87
Accrued interest	437	403
Pension and other postretirement benefits	23	33
Other current liabilities	488	359
Total current liabilities	2,444	1,893
Deferred income taxes	2,516	2,666
Pension and other postretirement benefits	1,602	1,163
Other liabilities	372	240
Long-term debt	17,560	15,508
Equity:		
Preferred stock, $0.01 par value (50,000 authorized shares, 11.125%, Series A, 19,250 shares issued and outstanding)	-	-
Common stock, $0.25 par value (1,750,000 authorized shares, 1,192,986 issued, and 1,172,553 and 1,168,200 outstanding, at December 31, 2016 and 2015, respectively)	298	298
Additional paid-in capital	5,283	6,034
Accumulated deficit	(460)	(87)
Accumulated other comprehensive loss, net of tax	(387)	(353)
Treasury common stock	(215)	(278)
Total equity	4,519	5,614
Total liabilities and equity	$ 29,013	$ 27,084

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

FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014
($ in millions and shares in thousands, except for per-share amounts)

	2016	2015	2014
Revenue	$ 8,896	$ 5,576	$ 4,772
Operating expenses:			
Network access expenses	1,470	640	465
Network related expenses	1,887	1,287	1,118
Selling, general and administrative expenses	2,093	1,346	1,086
Depreciation and amortization	2,031	1,320	1,139
Acquisition and integration costs	436	236	142
Restructuring costs and other charges	91	2	2
Total operating expenses	8,008	4,831	3,952
Operating income	888	745	820
Investment and other income, net	20	7	39
Interest expense	1,531	1,113	696
Income (loss) before income taxes	(623)	(361)	163
Income tax expense (benefit)	(250)	(165)	30
Net income (loss)	(373)	(196)	133
Less: Dividends on preferred stock	214	120	-
Net income (loss) attributable to Frontier common shareholders	$ (587)	$ (316)	$ 133
Basic and diluted net income (loss) per share attributable to Frontier common shareholders	$ (0.51)	$ (0.29)	$ 0.13
Total weighted average shares outstanding - basic	1,164,099	1,084,606	994,418
Total weighted average shares outstanding - diluted	1,164,099	1,084,606	998,162

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014
($ in millions)

	2016	2015	2014
Net income (loss)	$ (373)	$ (196)	$ 133
Other comprehensive income (loss), net of tax	(34)	51	(143)
Comprehensive loss	$ (407)	$ (145)	$ (10)

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

FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014
($ in millions and shares in thousands)

	Preferred Stock		Common Stock		Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Loss	Treasury Common Stock		Total Equity
	Shares	Amount	Shares	Amount				Shares	Amount	
Balance December 31, 2013	-	$ -	1,027,986	$ 257	$ 4,321	$ 76	$ (261)	(28,524)	$ (338)	$ 4,055
Stock plans	-	-	-	-	(30)	-	-	3,007	44	14
Dividends on common stock	-	-	-	-	(301)	(100)	-	-	-	(401)
Net income	-	-	-	-	-	133	-	-	-	133
Other comprehensive loss, net of tax	-	-	-	-	-	-	(143)	-	-	(143)
Balance December 31, 2014	-	-	1,027,986	257	3,990	109	(404)	(25,517)	(294)	3,658
Issuance of common stock	-	-	165,000	41	758	-	-	-	-	799
Issuance of preferred stock	19,250	-	-	-	1,866	-	-	-	-	1,866
Stock plans	-	-	-	-	(4)	-	-	731	16	12
Dividends on common stock	-	-	-	-	(456)	-	-	-	-	(456)
Dividends on preferred stock	-	-	-	-	(120)	-	-	-	-	(120)
Net loss	-	-	-	-	-	(196)	-	-	-	(196)
Other comprehensive income, net of tax	-	-	-	-	-	-	51	-	-	51
Balance December 31, 2015	19,250	-	1,192,986	298	6,034	(87)	(353)	(24,786)	(278)	5,614
Stock plans	-	-	-	-	(44)	-	-	4,353	63	19
Dividends on common stock	-	-	-	-	(493)	-	-	-	-	(493)
Dividends on preferred stock	-	-	-	-	(214)	-	-	-	-	(214)
Net loss	-	-	-	-	-	(373)	-	-	-	(373)
Other comprehensive loss, net of tax	-	-	-	-	-	-	(34)	-	-	(34)
Balance December 31, 2016	19,250	$ -	1,192,986	$ 298	$ 5,283	$ (460)	$ (387)	(20,433)	$ (215)	$ 4,519

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

FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014
($ in millions)

	2016	2015	2014
Cash flows provided from (used by) operating activities:			
Net income (loss)	$ (373)	$ (196)	$ 133
Adjustments to reconcile net income (loss) to net cash provided from operating activities:			
Depreciation and amortization	2,031	1,320	1,139
Loss on debt exchanges	7	-	-
Pension/OPEB costs	79	10	(18)
Special Termination Benefits	26	-	-
Stock based compensation expense	24	27	23
Gains on sale of assets	-	-	(37)
Amortization of deferred financing costs	46	191	10
Other non-cash adjustments	(12)	-	22
Deferred income taxes	(206)	(167)	(78)
Change in accounts receivable	(19)	62	(61)
Change in accounts payable and other liabilities	(22)	102	90
Change in prepaid expenses, income taxes and other current assets	85	(48)	47
Net cash provided from operating activities	1,666	1,301	1,270
Cash flows provided from (used by) investing activities:			
Cash paid for CTF Acquisition	(9,871)	-	-
Cash paid for Connecticut Acquisition	-	-	(2,018)
Capital expenditures - Business operations	(1,259)	(710)	(572)
Capital expenditures - Integration activities	(142)	(153)	(116)
Network expansion funded by Connect America Fund - Phase 1	-	(22)	(56)
Grant funds received for network expansion from Connect America Fund - Phase 1	-	-	4
Proceeds on sale of assets	8	22	39
Cash paid for an acquisition, net of cash acquired	-	(17)	-
Other	5	2	32
Net cash used by investing activities	(11,259)	(878)	(2,687)
Cash flows provided from (used by) financing activities:			
Proceeds from long-term debt borrowings	1,940	6,603	1,911
Financing costs paid	(39)	(119)	(40)
Long-term debt payments	(453)	(298)	(260)
Proceeds from issuance of common stock, net	-	799	-
Proceeds from issuance of preferred stock, net	-	1,866	-
Dividends paid on common stock	(493)	(456)	(401)
Dividends paid on preferred stock	(214)	(120)	-
Other	(6)	-	(2)
Net cash provided from financing activities	735	8,275	1,208
Increase/(Decrease) in cash, cash equivalents and restricted cash	(8,858)	8,698	(209)
Cash, cash equivalents and restricted cash at January 1,	9,380	682	891
Cash, cash equivalents and restricted cash at December 31,	$ 522	$ 9,380	$ 682
Supplemental cash flow information:			
Cash paid (received) during the period for:			
Interest	$ 1,467	$ 728	$ 656
Income taxes (refunds), net	$ (120)	$ 28	$ 70
Non-cash investing and financing activities:			
Financing obligation for contributions of real property to pension plan	$ 15	$ -	$ -
Reduction of pension obligation	$ 15	$ -	$ -
Decrease in capital expenditures due to changes in accounts payable	$ (60)	$ (56)	$ (15)
Conversion of operating leases to capital leases	$ 111	$ -	$ -

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

(1) Description of Business and Summary of Significant Accounting Policies:

(a) Description of Business:

Frontier Communications Corporation (Frontier) is the fourth largest Incumbent Local Exchange Carrier (ILEC) in the United States, with approximately 5.4 million customers, 4.3 million broadband subscribers and 28,300 employees, operating in 29 states. Frontier was incorporated in 1935, originally under the name of Citizens Utilities Company and was known as Citizens Communications Company until July 31, 2008. Frontier and its subsidiaries are referred to as “we,” “us,” “our,” “Frontier,” or the “Company” in this report.

Effective April 1, 2016, Frontier’s scope of operations and balance sheet changed materially as a result of the completion of the CTF Acquisition, as described in Note 3 - Acquisitions. Historical financial data presented for Frontier is not indicative of the future financial position or operating results for Frontier, and includes the results of the CTF Operations, as defined in Note 3 – Acquisitions, from the date of acquisition on April 1, 2016.

(b) Basis of Presentation and Use of Estimates:

Our consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). 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.

For our financial statements as of and for the period ended December 31, 2016, we evaluated subsequent events and transactions for potential recognition or disclosure through the date that we filed this Form 10-K with the Securities and Exchange Commission (SEC).

The preparation of our 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, business combinations, and pension and other postretirement benefits, among others.

(c) Cash Equivalents:

We consider all highly liquid investments with an original maturity of three months or less to be cash equivalents.

(d) Revenue Recognition:

Revenue is recognized when services are provided or when products are delivered to customers. Revenue that is billed in advance includes 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. Revenue that is billed in arrears includes 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 the services are provided. Excise taxes are recognized as a liability when billed. Installation fees and their related direct and incremental costs are initially deferred and recognized as revenue and expense over the average term of a customer relationship. We recognize as current period expense the portion of installation costs that exceeds installation fee revenue.

We maintain an allowance for doubtful accounts based on an estimate of our ability to collect accounts receivable. At December 31, 2016, our accounts receivable balances, including balances for delinquent accounts, were higher than usual as a result of planned delays in collection efforts for certain new customers acquired in the CTF Acquisition. These payment delays are customary for us after large acquisitions in order to allow for resolution of any service or billing issues for new customers. Our allowance for doubtful accounts was adjusted to reflect our best estimate of collectability.

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) that we have recorded on a gross basis in our consolidated statements of operations and included within "Revenue" and "Network related expenses" of $217 million, $151 million and $125 million for the years ended December 31, 2016, 2015 and 2014, respectively.

In 2015 we accepted the FCC's Connect America Fund (CAF) Phase II offer of support, which is a successor to and augments the USF frozen high cost support that we had been receiving pursuant to a 2011 FCC order. Upon completion of the CTF Acquisition, Frontier assumed the CAF Phase II support and related obligations that Verizon had previously accepted with regard to California and Texas. CAF Phase II funding is a program intended to subsidize the high cost of establishing and delivering communications services to certain unserved or underserved areas. We are recognizing these subsidies into revenue on a straight line basis, which is consistent with how the costs related to these subsidies are being and are expected to be incurred. CAF Phase II is a multi-year program which requires us to deploy broadband to a specified number of households in each of the states where funding was accepted. Failure to meet our deployment obligations at the end of the program in 2020 will result in a return of a portion of the funding received. We regularly evaluate our ability to meet our broadband deployment obligations and adjust revenue accordingly.

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

- *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;

- *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");

- *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 sales of customer premise equipment to our business customers and directory services, less our provision for bad debts; and

- *Switched Access and Subsidy* revenues include 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. We also receive cost subsidies from state and federal authorities, including the Connect America Fund Phase II.

The following table provides a summary of revenues from external customers by the categories of Frontier's products and services:

	For the year ended December 31,		
($ in millions)	2016	2015	2014
Voice services	$ 2,886	$ 2,022	$ 1,951
Data and Internet services	3,693	2,337	1,948
Video services	1,244	285	134
Other	276	255	220
Customer revenue	8,099	4,899	4,253
Switched access and subsidy	797	677	519
Total revenue	$ 8,896	$ 5,576	$ 4,772

(e) Property, Plant and Equipment:
Property, plant and equipment are stated at original cost, including capitalized interest, or fair market value as of the date of acquisition for acquired properties. Maintenance and repairs are charged to operating expenses as incurred. The gross book value of routine property, plant and equipment retirements is charged against accumulated depreciation.

(f) Goodwill and Other Intangibles:
Goodwill represents the excess of purchase price over the fair value of identifiable tangible and intangible net assets acquired. 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, goodwill and other identifiable intangibles. We examine the carrying value of our goodwill and 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" level, as that term is defined in GAAP. During the second quarter of 2016, Frontier reorganized into seven regional operating segments, which are aggregated into one reportable segment. In conjunction with the reorganization of our operating segments, effective with the second quarter of 2016, we reassigned goodwill to our regional operating segments (reporting units) using a relative fair value allocation approach.

Frontier amortizes finite-lived intangible assets over their estimated useful lives on the accelerated method of sum of the years digits. We review such intangible assets at least annually as of December 31 to assess whether any potential impairment exists and whether factors exist that would necessitate a change in useful life and a different amortization period.

(g) Impairment of Long-Lived Assets and Long-Lived Assets to Be Disposed Of:
We review long-lived assets to be held and used, including customer lists, and long-lived assets to be disposed of for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Recoverability of assets to be held and used is measured by comparing the carrying amount of the asset to the future undiscounted net cash flows expected to be generated by the asset. Recoverability of assets held for sale is measured by comparing the carrying amount of the assets to their estimated fair market value. If any assets are considered to be impaired, the impairment is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value. Also, we periodically reassess the useful lives of our tangible and intangible assets to determine whether any changes are required.

(h) Income Taxes and Deferred Income Taxes:
We file a consolidated federal income tax return. We utilize the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred income taxes are recorded for the tax effect of temporary differences between the financial statement basis and the tax basis of assets and liabilities using tax rates expected to be in effect when the temporary differences are expected to reverse.

(i) Stock Plans:
We have various stock-based compensation plans. Awards under these plans are granted to eligible employees and directors. Awards may be made in the form of incentive stock options, non-qualified stock options, stock appreciation rights, restricted stock, restricted stock units or other stock-based awards, including awards with performance, market and time-vesting conditions. Our general policy is to issue shares from treasury upon the grant of restricted shares, earning of performance shares and the exercise of options.

The compensation cost recognized is based on awards ultimately expected to vest. GAAP requires forfeitures to be estimated and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

(j) Net Income (Loss) Per Share Attributable to Frontier Common Shareholders:
Basic net income (loss) per common share is computed using the weighted average number of common shares outstanding during the period being reported on, excluding unvested restricted stock awards. The impact of dividends paid on unvested restricted stock awards have been deducted in the determination of basic and diluted net income (loss) per share attributable to Frontier common shareholders. Except when the effect would be antidilutive, diluted net income per common share reflects the dilutive effect of certain common stock equivalents, as described further in Note 13 – Net Income (Loss) Per Common Share.

(2) Recent Accounting Pronouncements:

Recently Adopted Accounting Pronouncements

Business Combinations – Measurement Period Adjustments
In September 2015, the FASB issued ASU No. 2015-16, “Business Combinations – Simplifying the Accounting for Measurement Period Adjustments.” This ASU requires that an acquirer recognizes adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. The amendments in this Update require that the acquirer record, in the same period’s financial statements, the effect on earnings of changes in depreciation, amortization, or other income effects, if any, as a result of the change to the provisional amounts, calculated as if the accounting had been completed at the acquisition date. The amendments in this Update require an entity to present separately on the face of the income statement or disclose in the notes the portion of the amount recorded in current-period earnings by line item that would have been recorded in previous reporting periods if the adjustment to the provisional amounts had been recognized as of the acquisition date. The new guidance was effective for Frontier on January 1, 2016 and has been applied to the measurement period adjustments related to our CTF Acquisition during 2016.

Employee Benefit Plans
In July 2015, the FASB issued ASU No. 2015-12, “Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962), and Health and Welfare Benefit Plans (Topic 965)”: There are three parts to the ASU that aim to simplify the accounting and presentation of plan accounting. Part I of this ASU requires fully benefit-responsive investment contracts to be measured at contract value instead of the current fair value measurement. Part II of this ASU requires investments (both participant-directed and nonparticipant-directed investments) of employee benefit plans be grouped only by general type, eliminating the need to disaggregate the investments in multiple ways. Part III of this ASU provides a similar measurement date practical expedient for employee benefit plans as available in ASU No. 2015-04, “Compensation – Retirement Benefits (Topic 715),” which allows employers to measure defined benefit plan assets on a month-end date that is nearest to the year’s fiscal year-end when the fiscal period does not coincide with a month-end. Parts I and II of the new guidance should be applied on a retrospective basis. Part III of the new guidance should be applied on a prospective basis. The new guidance was effective for Frontier on January 1, 2016 and Frontier has applied the new guidance in its reporting for defined benefit plans completed in 2016.

Cash Flows – Classification of Certain Cash Receipts and Cash Payments
In August 2016, the FASB issued ASU No. 2016-15," Statement of Cash Flows – Classification of Certain Cash Receipts and Cash Payments." This ASU addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice. The amendments in this ASU provide guidance on the following cash flow issues: 1) debt prepayment or debt extinguishment costs; 2) settlement of zero-coupon debt instruments; 3) contingent consideration payments made after a business combination; 4) proceeds from the settlement of insurance claims; 5) proceeds from the settlement of corporate-owned life insurance policies, including bank-owned life insurance policies; 6) distributions received from equity method investees; 7) beneficial interests in securitization transactions; and 8) separately identifiable cash flows and application of the predominance principle. The new guidance was early adopted by Frontier in 2016 and Frontier has retrospectively applied the new guidance in our Statement of Cash Flows for 2014, 2015, and 2016.

Statement of Cash Flows – Restricted Cash
In November 2016, the FASB issued ASU No. 2016-18, "Statement of Cash Flows – Restricted Cash Flows." This ASU requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The amendments in this Update do not provide a definition of restricted cash or restricted cash equivalents. The new guidance was early adopted by Frontier in 2016 and Frontier has retrospectively applied the new guidance in our Statement of Cash Flows for 2014, 2015, and 2016.

Recent Accounting Pronouncements Not Yet Adopted

Revenue Recognition
In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, "Revenue from Contracts with Customers." This standard, along with its related amendments, requires companies to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which Frontier expects to be entitled in exchange for those goods or services. This new standard is effective for annual and interim reporting periods beginning after December 15, 2017. Companies are also permitted to voluntarily adopt the new standard as of the original effective date that was for annual reporting periods beginning after December 15, 2016, however, Frontier does not intend to early adopt. Companies are permitted to either apply the requirements retrospectively to all prior periods presented, or apply the requirements in the year of adoption, through a cumulative adjustment. Frontier has not yet selected a transition method and is currently evaluating the guidance and developing an implementation plan.

Leases
In February 2016, the FASB issued ASU No. 2016 – 02, "Leases (Topic 842)." This standard establishes the principles to report transparent and economically neutral information about the assets and liabilities that arise from leases. Upon implementation, lessees will need to recognize almost all leases on their balance sheet as a right-of-use asset and a lease liability. It will be critical to identify leases embedded in a contract to avoid misstating the lessee's balance sheet. For income statement purposes, the FASB retained a dual model, requiring leases to be classified as either operating or finance. Classification will be 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. The new guidance is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early application is permitted. Frontier is currently evaluating the impact of adopting the new standard, but has not yet determined the impact of adoption on its consolidated financial statements.

Compensation – Stock Compensation
In March 2016, the FASB issued ASU No. 2016-09, "Improvements to Employee Share-Based Payment Accounting," to amend ASC Topic 718, "Compensation – Stock Compensation." The ASU is part of the FASB's

ongoing simplification initiative, which is designed to reduce cost and complexity while maintaining or improving the usefulness of the information provided to the users of financial statements. The proposed simplifications address a variety of areas for public entities, including the following: 1) accounting for income taxes, 2) classification of excess tax benefits on the statement of cash flows, 3) forfeitures, 4) minimum statutory tax withholding requirements, 5) classifications of employee taxes paid on the statement of cash flows when an employer withholds shares for tax withholding purposes, and 6) classification of awards with repurchase features. The new guidance is effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. Frontier has determined that the impact of adoption is immaterial to its consolidated financial statements.

Intangibles – Goodwill
In January 2017, the FASB issued ASU No. 2017-04, "Simplifying the Test for Goodwill Impairment," This standard was established to simplify how an entity is required to test goodwill for impairment by eliminating Step 2 from the goodwill impairment test. Step 2 measures a goodwill impairment loss by comparing the implied fair value of a reporting unit's goodwill with the carrying amount of that goodwill. Under the amendments in this Update, an entity should perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An entity should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. Additionally, an entity should consider income tax effects from any tax deductible goodwill on the carrying amount of the reporting unit when measuring the goodwill impairment loss, if applicable. The Board also eliminated the requirements for any reporting unit with a zero or negative carrying amount to perform a qualitative assessment and, if it fails that qualitative test, to perform Step 2 of the goodwill impairment test. Therefore, the same impairment assessment applies to all reporting units. An entity is required to disclose the amount of goodwill allocated to each reporting unit with a zero or negative carrying amount of net assets. An entity still has the option to perform the qualitative assessment for a reporting unit to determine if the quantitative impairment test is necessary. The new guidance is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. Frontier is currently evaluating the impact of adopting the new standard and has not yet determined the impact of adoption on its consolidated financial statements.

(3) Acquisitions:

The CTF Acquisition
On April 1, 2016, Frontier acquired the wireline operations of Verizon Communications, Inc. in California, Texas and Florida for a purchase price of $10,540 million in cash and assumed debt (the CTF Acquisition), pursuant to the February 5, 2015 Securities Purchase Agreement, as amended. In addition, Frontier and Verizon settled the working capital and net debt adjustments with $15 million paid to Frontier in October 2016. As a result of the CTF Acquisition, Frontier now operates these former Verizon properties, which included approximately 2.5 million total customers, 2.1 million broadband subscribers, and 1.2 million FiOS video subscribers as of April 1, 2016 (the CTF Operations).

Our consolidated statement of operations for the year ended December 31, 2016 includes $3,622 million of revenue and $582 million of operating income related to the nine months of operating results of the CTF Operations since April 1, 2016.

The allocation of the purchase price presented below, which is preliminary and subject to change, represents the effect of recording the estimates of the fair value of assets acquired and liabilities assumed as of the date of the CTF Acquisition, based on the total transaction cash consideration of $9,886 million at December 31, 2016, as adjusted for the $15 million settlement payment discussed above. These current estimates will be revised in future periods for information that is currently not available to us, primarily related to certain legal and tax accruals and contingencies; accounts receivable; property, plant and equipment; customer base and other intangibles; deferred income tax assets and liabilities; pension assets and liabilities, as well as other assumed postretirement benefit obligations, pending completion of actuarial studies and the related transfer of pension assets. The revisions may affect the presentation of our consolidated financial results. Any changes to the initial estimates

of the fair value of the assets and liabilities will be recorded as adjustments to those assets and liabilities and residual amounts will be allocated to goodwill.

($ in millions)		
Current assets	$	350
Property, plant & equipment		6,236
Goodwill		2,508
Other intangibles - primarily customer base		2,162
Current liabilities		(518)
Long-term debt		(544)
Other liabilities		(323)
Total net assets acquired	$	9,871

The total consideration exceeded the net estimated fair value of the assets acquired and liabilities assumed by $2,508 million, which we recognized as goodwill. This goodwill is attributable to strategic benefits, including enhanced financial and operational scale, market diversification and leveraged combined networks that we expect to realize. This amount of goodwill associated with the CTF Acquisition will be deductible for income tax purposes.

The Securities Purchase Agreement provides for a post-closing adjustment for both pension liabilities and pension assets. Frontier and Verizon have not finalized the results of these calculations. Such calculations will be completed in accordance with the terms of the Securities Purchase Agreement.

The following unaudited pro forma financial information presents the combined results of operations of Frontier and the CTF Operations as if the CTF Acquisition had occurred as of January 1, 2015. The pro forma information is not necessarily indicative of what the financial position or results of operations actually would have been had the CTF Acquisition been completed as of January 1, 2015. In addition, the unaudited pro forma financial information is not indicative of, nor does it purport to project, the future financial position or operating results of Frontier. The unaudited pro forma financial information excludes acquisition and integration costs and does not give effect to any estimated and potential cost savings or other operating efficiencies that may result from the CTF Acquisition.

	(Unaudited)			
	For the year ended December 31,			
($ in millions, except per share amounts)		2016		2015
Revenue	$	10,255	$	11,157
Operating income	$	1,433	$	1,529
Net loss attributable to Frontier common shareholders	$	262	$	(192)
Basic and diluted net loss per share attributable to Frontier common shareholders	$	(0.23)	$	(0.17)

During 2015, we completed our financing activities associated with the CTF Acquisition, which included: 1) a private debt offering of $6,600 million of unsecured senior notes in September 2015, 2) the 2015 Credit Agreement (as defined below) for a senior secured delayed-draw term loan facility in August 2015 and 3) a registered offering of $2,750 million of preferred and common stock in June 2015. Net proceeds from these debt and equity offerings together with the proceeds received from the delayed draw term loan facility and cash on hand were used to fund the CTF Acquisition and pay related fees and expenses.

The Connecticut Acquisition

On October 24, 2014, Frontier acquired the wireline properties of AT&T Inc. (AT&T) in Connecticut (the Connecticut Acquisition) for a purchase price of $2,018 million in cash, pursuant to the stock purchase agreement dated December 16, 2013, as amended. Following the Connecticut Acquisition, Frontier now owns and operates the wireline business and fiber optic network servicing residential, commercial and wholesale customers in Connecticut. Frontier also acquired the AT&T U-verse® video (Vantage) and DISH® satellite TV customers in Connecticut. See Note 7 for further discussion related to financing the Connecticut Acquisition.

Our consolidated statements of operations for the years ended December 31, 2015 and 2014 include $1,049 million and $216 million of revenue, respectively, and $100 million and $38 million of operating income, respectively, related to the results of the Connecticut operations.

The final allocation of the purchase price presented below represents the effect of recording the fair value of assets acquired, liabilities assumed and related deferred income taxes as of the date of the Connecticut Acquisition, based on the total transaction consideration of $2,018 million.

($ in millions)		
Current assets	$	69
Property, plant & equipment		1,459
Goodwill		815
Other intangibles - customer base		570
Current liabilities		(94)
Deferred income taxes		(576)
Other liabilities		(225)
Total net assets acquired	$	2,018

The total consideration exceeded the net estimated fair value of the assets acquired and liabilities assumed by $815 million, which we recognized as goodwill. This goodwill is attributable to strategic benefits, including enhanced financial and operational scale, market diversification and leveraged combined networks that we expect to realize. Of this amount, goodwill associated with the Connecticut Acquisition of $75 million is deductible for income tax purposes.

The following unaudited pro forma financial information presents the combined results of operations of Frontier and the Connecticut operations as if the Connecticut Acquisition had occurred as of January 1, 2014. The pro forma information is not necessarily indicative of what the financial position or results of operations actually would have been had the Connecticut Acquisition been completed as of January 1, 2014. In addition, the unaudited pro forma financial information is not indicative of, nor does it purport to project, the future financial position or operating results of Frontier. The unaudited pro forma financial information excludes acquisition and integration costs and does not give effect to any estimated and potential cost savings or other operating efficiencies that may result from the Connecticut Acquisition.

($ in millions, except per share amounts)	(Unaudited) For the year ended December 31, 2014
Revenue	$ 5,775
Operating income	$ 985
Net income attributable to Frontier common shareholders	$ 191
Basic and diluted net income per share attributable to Frontier common shareholders	$ 0.19

Acquisition and Integration Costs

Acquisition costs include legal, financial advisory, accounting, regulatory and other related costs. Integration costs include expenses that are incremental and directly related to the acquisition, and were incurred to integrate the network and information technology platforms and to enable other integration initiatives.

Frontier incurred operating expenses related to the CTF Acquisition and the Connecticut Acquisition, as follows:

($ in millions)	For the Year Ended 2016	2015	2014
Acquisition costs:			
CTF Acquisition	$ 23	$ 44	$ -
Connecticut Acquisition	-	1	15
	23	45	15
Integration costs:			
CTF Acquisition	412	152	-
Connecticut Acquisition	1	39	127
	413	191	127
Total acquisition and integration costs	$ 436	$ 236	$ 142

We also invested $142 million and $129 million in capital expenditures related to the CTF Acquisition during the years ended December 31, 2016 and 2015, respectively. In connection with the Connecticut Acquisition, Frontier invested $24 million and $116 million in capital expenditures during the years ended December 31, 2015 and 2014, respectively.

(4) Accounts Receivable:
The components of accounts receivable, net at December 31, 2016 and 2015 are as follows:

($ in millions)	2016	2015
Retail and Wholesale	$ 979	$ 569
Other	90	59
Less: Allowance for doubtful accounts	(131)	(57)
Accounts receivable, net	$ 938	$ 571

An analysis of the activity in the allowance for doubtful accounts for the years ended December 31, 2016, 2015 and 2014 is as follows:

($ in millions)	Balance at beginning of Period	Charged to Other Revenue	Charged (Credited) to Switched and Nonswitched Revenue and Other Accounts	Write-offs, net of Recoveries	Balance at end of Period
2014	$ 71	$ 61	$ -	$ (60)	$ 72
2015	$ 72	$ 67	$ (17)	$ (65)	$ 57
2016	$ 57	$ 164	$ 15	$ (105)	$ 131

We maintain an allowance for doubtful accounts based on our estimate of our ability to collect accounts receivable. The provision for uncollectible amounts was $179 million, $50 million, and $61 million for the years ended December 31, 2016, 2015 and 2014, respectively. Our allowance for doubtful accounts declined in 2015, primarily as a result of the resolution of a principal carrier dispute. Our allowance for doubtful accounts increased in 2016 primarily as a result of the customer account balances related to the CTF Operations subsequent to the CTF Acquisition.

(5) Property, Plant and Equipment:
Property, plant and equipment, net at December 31, 2016 and 2015 are as follows:

($ in millions)	Estimated Useful Lives	2016	2015
Land	N/A	$ 235	$ 151
Buildings and leasehold improvements	41 years	2,300	1,327
General support	5 to 17 years	1,495	1,146
Central office/electronic circuit equipment	5 to 18 years	7,683	6,244
Poles	30 years	995	712
Cable, fiber and wire	15 to 25 years	10,267	7,280
Conduit	55 years	1,611	515
Other	12 to 25 years	52	47
Construction work in progress		903	379
Property, plant and equipment		25,541	17,801
Less: Accumulated depreciation		(10,639)	(9,308)
Property, plant and equipment, net		$ 14,902	$ 8,493

Property, plant, and equipment includes approximately $154 million and $43 million of fixed assets recognized under capital leases as of December 31, 2016 and 2015, respectively.

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

	For the Year Ended		
($ in millions)	2016	2015	2014
Depreciation expense	$ 1,388	$ 983	$ 835

We adopted new estimated remaining useful lives for certain plant assets as of October 1, 2016, 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. In addition, the estimated useful lives for assets acquired in the CTF Acquisition were adopted for such assets based on a similar study performed as of October 1, 2015 and were effective April 1, 2016.

(6) Goodwill and Other Intangibles:
The activity in our goodwill from January 1, 2015 through December 31, 2016 is as follows:

($ in millions)	Goodwill
Balance at January 1, 2015	$ 7,205
Connecticut Acquisition Adjustment	(53)
Other Acquisition	14
Balance at December 31, 2015	7,166
CTF Acquisition (Note 3)	2,508
Balance at December 31, 2016	$ 9,674

The components of other intangibles at December 31, 2016 and 2015 are as follows:

	2016			2015		
($ in millions)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Other Intangibles:						
Customer base	$ 5,088	$ (2,604)	$ 2,484	$ 2,998	$ (1,977)	$ 1,021
Trade name	122	-	122	122	-	122
Royalty agreement	72	(16)	56	-	-	-
Total other intangibles	$ 5,282	$ (2,620)	$ 2,662	$ 3,120	$ (1,977)	$ 1,143

Amortization expense was as follows:

	For the Year Ended		
($ in millions)	2016	2015	2014
Amortization expense	$ 643	$ 337	$ 304

Amortization expense primarily represents the amortization of our customer base acquired as a result of the CTF Acquisition, the Connecticut Acquisition and the acquisition of certain Verizon properties in 2010 with each based on a useful life of 8 to 12 years on an accelerated method. The approximate weighted average remaining life of our customer base is 7 years and for our royalty agreement is 4 years. Amortization expense based on our current estimate of useful lives, is estimated to be approximately $663 million in 2017, $552 million in 2018, $439 million in 2019, $342 million in 2020, and $251 million in 2021.

(7) Long-Term Debt:

The activity in our long-term debt from January 1, 2016 to December 31, 2016 is summarized as follows:

		Year ended December 31, 2016					
($ in millions)	January 1, 2016	Payments and Retirements	New Borrowings	Debt Assumed	Reclassifications	December 31, 2016	Interest Rate at December 31, 2016*
Senior & Subsidiary Unsecured Debt	$ 16,055	$ (419)	$ 401	$ 500	$ (637)	$ 15,900	9.18%
Senior Secured Debt	-	(426)	1,940	-	637	2,151	3.89%
Secured Subsidiary Debt	-	-	-	100	-	100	8.50%
Secured Debt	23	(4)	-	-	-	19	4.50%
Rural Utilities Service Loan Contracts	8	-	-	-	-	8	6.15%
Total Long-Term Debt	$ 16,086	$ (849)	$ 2,341	$ 600	$ -	$ 18,178	8.55%
Less: Debt Issuance Costs	(196)					(209)	
Less: Debt Premium (Discount)	2					(46)	
Less: Current Portion	(384)					(363)	
	$ 15,508					$ 17,560	

** Interest rate includes amortization of debt issuance costs and debt premiums or discounts. The interest rates at December 31, 2016 represent a weighted average of multiple issuances.*

Additional information regarding our senior unsecured debt, senior secured debt and subsidiary debt at December 31, 2016 and 2015 is as follows:

	2016		2015	
($ in millions)	Principal Outstanding	Interest Rate	Principal Outstanding	Interest Rate
Senior Unsecured Debt Due:				
4/15/2017	$ 210	8.250%	$ 607	8.250%
10/1/2018	583	8.125%	583	8.125%
3/15/2019	434	7.125%	434	7.125%
4/15/2020	1,169	8.500%	1,022	8.500%
9/15/2020	1,066	8.875%	1,000	8.875%
7/1/2021	500	9.250%	500	9.250%
9/15/2021	775	6.250%	775	6.250%
4/15/2022	500	8.750%	500	8.750%
9/15/2022	2,188	10.500%	2,000	10.500%
1/15/2023	850	7.125%	850	7.125%
4/15/2024	750	7.625%	750	7.625%
1/15/2025	775	6.875%	775	6.875%
9/15/2025	3,600	11.000%	3,600	11.000%
11/1/2025	138	7.000%	138	7.000%
8/15/2026	2	6.800%	2	6.800%
1/15/2027	346	7.875%	346	7.875%
8/15/2031	945	9.000%	945	9.000%
10/1/2034	1	7.680%	1	7.680%
7/1/2035	125	7.450%	125	7.450%
10/1/2046	193	7.050%	193	7.050%
	15,150		15,146	
Senior Secured Debt Due:				
10/14/2016 (1)	-	-	344	2.805% (Variable)
10/24/2019 (2)	280	4.145% (Variable)	315	3.805% (Variable)
3/31/2021 (3)	1,564	3.270% (Variable)	-	
10/12/2021(4)	307	4.145% (Variable)	-	
	2,151		659	
Subsidiary Debentures Due:				
5/15/2027	200	6.750%	-	
2/1/2028	300	6.860%	-	
2/15/2028	200	6.730%	200	6.730%
10/15/2029	50	8.400%	50	8.400%
11/15/2031	100	8.500%	-	
	850		250	
Total	$ 18,151	8.30% (5)	$ 16,055	8.74% (5)

(1) Represents borrowings under the 2011 CoBank Credit Agreement, as defined below, that became secured as of April 1, 2016.

(2) Represents borrowings under the 2014 CoBank Credit Agreement, as defined below, that became secured as of April 1, 2016.

(3) Represents borrowings under the 2015 Credit Agreement, as defined below.

(4) Represents borrowings under the 2016 CoBank Credit Agreement, as defined below.

(5) Interest rate represents a weighted average of the stated interest rates of multiple issuances.

During 2016, we completed non-cash debt exchanges including related accrued interest, of $397 million of our 8.25% Notes due April 2017 for approximately $147 million of our 8.50% Notes due April 2020, $66 million of our 8.875% Notes due September 2020, and $188 million of our 10.50% Notes due September 2022. A pretax loss of approximately $7 million was recognized and included in “Investment and other income, net” in our consolidated statement of operations for the year ended December 31, 2016.

On September 25, 2015, Frontier completed a private offering of $6,600 million aggregate principal amount of unsecured Senior Notes, as follows: $1,000 million of 8.875% Senior Notes due 2020; $2,000 million of 10.50%

Senior Notes due 2022; and $3,600 million of 11.00% Senior Notes due 2025. Each was issued at a price equal to 100% of its principal amount. Frontier used the net proceeds from the offering (after deducting underwriting fees) to finance a portion of the cash consideration paid in connection with the CTF Acquisition and to pay related fees and expenses. The net proceeds of the debt offering of $6,485 million were included in "Restricted cash" in the consolidated balance sheet as of December 31, 2015. In June 2016, we completed an exchange offer of registered senior notes for the privately placed senior notes.

On August 12, 2015, Frontier entered into a credit agreement with JPMorgan Chase Bank, N.A., as administrative agent, and the lenders party thereto, for a $1,500 million senior secured delayed-draw term loan facility (the 2015 Credit Agreement). Frontier exercised its right under the 2015 Credit Agreement to obtain additional commitments and increased the size of the facility to $1,625 million. On April 1, 2016, in connection with the closing of the CTF Acquisition, Frontier drew $1,550 million under that facility, with the additional $75 million drawn subsequently. The final maturity date is March 31, 2021. Repayment of the outstanding principal balance will be made in quarterly installments, initially in the amount of $20 million per installment, which commenced on June 30, 2016. The quarterly installments will increase to $41 million, beginning with the 13th quarterly installment. The remaining outstanding principal balance will be repaid on the final maturity date. Borrowings under the term loan will bear interest based on margins over the Base Rate (as defined in the 2015 Credit Agreement) or LIBOR, at the election of Frontier. Interest rate margins under the facility (ranging from 0.75% to 1.75% for Base Rate borrowings and 1.75% to 2.75% for LIBOR borrowings) are subject to adjustment based on Frontier's Total Leverage Ratio (as defined in the 2015 Credit Agreement). Borrowings under the 2015 Credit Agreement are secured by a pledge of the stock of Frontier North Inc., a wholly owned subsidiary, primarily representing Frontier operations in the states of Illinois, Indiana, Michigan, Ohio and Wisconsin.

Upon completion of the CTF Acquisition on April 1, 2016, we assumed additional debt of $600 million, including $200 million aggregate principal amount of 6.75% Senior Notes due May 15, 2027, $300 million aggregate principal amount of 6.86% Senior Notes due February 1, 2028 and $100 million aggregate principal amount of 8.50% Senior Notes due November 15, 2031.

On February 5, 2015, we entered into a commitment for a bridge loan facility (the Verizon Bridge Facility) and recognized related interest expense of $10 million and $184 million for the years ended December 31, 2016 and 2015, respectively. The accrued liabilities related to the Verizon Bridge Facility of $184 million were paid after the closing of the CTF Acquisition and were included in "Other current liabilities" in the consolidated balance sheet as of December 31, 2015. The Verizon Bridge Facility terminated, in accordance with its terms, on September 25, 2015.

Frontier has a credit agreement with CoBank, ACB, as administrative agent, lead arranger and a lender, and the other lenders party thereto, for a $350 million senior unsecured term loan facility (the 2014 CoBank Credit Agreement). The facility was drawn upon closing of the Connecticut Acquisition with proceeds used to partially finance the acquisition. The maturity date is October 24, 2019. Repayment of the outstanding principal balance will be made in quarterly installments of $9 million, which commenced on March 31, 2015 with the remaining outstanding principal balance to be repaid on the maturity date. Borrowings under the 2014 CoBank Credit Agreement will bear interest based on the margins over the Base Rate (as defined in the 2014 CoBank Credit Agreement) or LIBOR, at the election of Frontier. Interest rate margins under the facility (ranging from 0.875% to 2.875% for Base Rate borrowings and 1.875% to 3.875% for LIBOR borrowings) are subject to adjustments based on our Total Leverage Ratio, as such term is defined in the 2014 CoBank Credit Agreement. The interest rate on this facility at December 31, 2016 was LIBOR plus 3.375%.

Frontier has two senior secured credit agreements with CoBank, ACB, as administrative agent, lead arranger and a lender, and the other lenders party thereto: the first, drawn in 2011 (the 2011 CoBank Credit Agreement), was refinanced in October 2016 with a similar facility for $315 million, maturing on October 12, 2021 (the 2016 CoBank Credit Agreement), and the second, drawn in 2014 (the 2014 CoBank Credit Agreement), matures on October 24, 2019. We refer to the 2011 CoBank Credit Agreement, the 2014 CoBank Credit Agreement and the 2016 CoBank Credit Agreement collectively as the CoBank Credit Agreements. Borrowings under the CoBank Credit Agreements are secured by a pledge of the stock of Frontier North, Inc.

Repayment of the outstanding principal balance for the 2016 CoBank Credit Agreement is being made in quarterly installments of approximately $8 million which began on December 31, 2016. Any remaining outstanding principal balance will be repaid on the final maturity date. Borrowings under the term loan will bear interest based on margins over the Base Rate (as defined in the 2016 CoBank Credit Agreement) or LIBOR, at the election of Frontier. Interest rate margins under the facility (ranging from 0.875% to 2.875% for Base Rate borrowings and 1.875% to 3.875% for LIBOR borrowings) are subject to adjustment based on Frontier's Total Leverage Ratio (as defined in the 2016 CoBank Credit Agreement). The term loan under the 2016 CoBank Credit Agreement is secured by a pledge of the stock of Frontier North Inc.

Frontier has a revolving credit agreement with JPMorgan Chase Bank, N.A., as administrative agent, the lenders party thereto and the other parties named therein (the Revolving Credit Agreement), for a $750 million revolving credit facility (the Revolving Credit Facility) with a scheduled termination date of May 31, 2018. As of December 31, 2016, the Revolving Credit Facility was fully available and no borrowings had been made thereunder. Associated commitment fees under the Revolving Credit Facility will vary from time to time depending on our debt rating (as defined in the Revolving Credit Agreement) and were 0.45% per annum as of December 31, 2016. During the term of the Revolving Credit Facility, Frontier may borrow, repay and reborrow funds, and may obtain letters of credit, subject to customary borrowing conditions. Loans under the Revolving Credit Facility will bear interest based on the alternate base rate or the adjusted LIBO Rate (each as determined in the Revolving Credit Agreement), at our election, plus a margin based on our debt rating (ranging from 0.50% to 1.50% for alternate base rate borrowings and 1.50% to 2.50% for adjusted LIBO Rate borrowings). The interest rate on this facility would have been the alternate base rate plus 1.50% or the adjusted LIBO Rate plus 2.50%, respectively, as of December 31, 2016. Letters of credit issued under the Revolving Credit Facility will also be subject to fees that vary depending on our debt rating. The Revolving Credit Facility is available for general corporate purposes but may not be used to fund dividend payments.

On February 27, 2017, Frontier amended and restated its April 2021 term loan and its revolving credit facility, combining them into a single credit agreement and unifying the covenants. The amended and restated credit agreement provides Frontier with more flexible terms, increases the revolving credit facility to $850 million and extends the maturity of the revolving credit facility from 2018 to 2022. The determination of interest rates remains unchanged. The most significant change in the covenants is an increase of the maximum Leverage Ratio (as defined) to 5.25 to 1.0 initially, migrating to 5.0 to 1.0 beginning in the second quarter of 2018, 4.75 to 1.0 in the second quarter of 2019, and 4.5 to 1.0 in the second quarter of 2020. In addition, under the amended and restated credit agreement, Frontier will be expanding the security package to include pledges of the equity interests in certain Frontier subsidiaries and guaranties by certain Frontier subsidiaries.

Upon the drawdown of the term loan under the 2015 Credit Agreement in connection with the closing of the CTF Acquisition, borrowings under the 2014 CoBank Credit Agreement, the 2011 CoBank Credit Agreement and the Revolving Credit Facility became secured debt. These borrowings are secured, equally and ratably with borrowings under the 2015 Credit Agreement, by a pledge of the stock of Frontier North Inc., a wholly owned subsidiary.

On September 17, 2014, Frontier completed a registered debt offering of $775 million aggregate principal amount of 6.250% senior unsecured notes due 2021, and $775 million aggregate principal amount of 6.875% senior unsecured notes due 2025. We received net proceeds, after deducting underwriting fees, of $1,519 million from the offering. Frontier used the net proceeds from the offering of the notes, together with borrowings under the 2014 CoBank Credit Agreement, as defined above, and cash on hand, to finance the Connecticut Acquisition, which closed on October 24, 2014. See Note 3 for further discussion of the Connecticut Acquisition.

During 2015 and 2014, we also entered into secured financings totaling $3 million and $11 million, respectively, with four year terms and no stated interest rate for certain equipment purchases.

As of December 31, 2016, we were in compliance with all of our debt and credit facility covenants.

Our scheduled principal payments are as follows as of December 31, 2016:

($ in millions)	Principal Payments
2017	$ 363
2018	$ 733
2019	$ 818
2020	$ 2,429
2021	$ 2,554
Thereafter	$ 11,281

Other Obligations

During 2016, Frontier contributed a real estate property with a fair value of $15 million for the purpose of funding a portion of its contribution obligations to its qualified defined benefit pension plan. The pension plan obtained independent appraisals of the property and, based on these appraisals, the pension plan recorded the contribution at its fair value of $15 million. Frontier has entered into a lease for the contributed property with initial terms of 15 years at a combined aggregate annual rent of approximately $2 million. The property is managed on behalf of the pension plan by an independent fiduciary, and the terms of the lease were negotiated with the fiduciary on an arm's-length basis.

The contribution and leaseback of the property was treated as a financing transaction and, accordingly, Frontier continues to depreciate the carrying value of the property in its financial statements and no gain or loss was recognized. An obligation of $15 million was recorded in our consolidated balance sheet within "Other liabilities" and the liability is reduced annually by a portion of the lease payments made to the pension plan.

During 2016, Frontier modified certain operating leases for vehicles which resulted in the classification as capital leases. These agreements have lease terms of 1 to 7 years. These capital lease obligations are included in our consolidated balance sheet within "Other liabilities" and "Other current liabilities".

In 2012, Frontier entered into a sale and leaseback arrangement for a facility in Everett, Washington and entered into a capital lease for the use of fiber in the state of Minnesota. These agreements have lease terms of 12 and 23 years, respectively. These capital lease obligations are included in our consolidated balance sheet within "Other liabilities" and "Other current liabilities."

Future minimum payments for finance lease obligations and capital lease obligations as of December 31, 2016 are as follows:

($ in millions)	Finance Lease Obligations	Capital Lease Obligations
Year ending December 31:		
2017	$ 9	$ 39
2018	9	37
2019	9	26
2020	9	15
2021	9	9
Thereafter	60	21
Total future payments	105	147
Less: Amounts representing interest	(57)	(18)
Present value of minimum lease payments	$ 48	$ 129

(8) Restructuring Costs

As of December 31, 2016, restructuring related liabilities of $47 million pertaining to employee separation charges are included in "Other current liabilities" in our consolidated balance sheet.

During 2016, restructuring costs and other charges, primarily consisting of severance and other employee-related costs of $65 million, and pension/OPEB benefit enhancements of $26 million, totaling $91 million in connection with workforce reductions, are included in "Restructuring costs and other charges" in our consolidated statement of operations for the year ended December 31, 2016.

The following is a summary of the changes in the liabilities established for restructuring programs at December 31, 2016:

($ in millions)	Restructuring Liability
Balance, January 1, 2016	$ 1
Severance costs	65
Cash payments during the period	(19)
Balance, December 31, 2016	$ 47

(9) Investment and Other Income, Net:

The components of investment and other income, net for the years ended December 31, 2016, 2015 and 2014 are as follows:

($ in millions)	2016	2015	2014
Interest and dividend income	$ 13	$ 7	$ 2
Loss on debt exchanges	(7)	-	-
Gain on sale of Fairmount Cellular LLC	-	-	25
Gain on sale of 700 MHz spectrum	-	-	12
Gain on expiration/settlement of customer advances	13	-	-
All other, net	1	-	-
Total investment and other income, net	$ 20	$ 7	$ 39

During 2016 and 2015, we received $13 million and $7 million, respectively, in interest and dividend income, primarily due to interest earned on restricted cash.

During 2016, we recognized income of $13 million in connection with certain retained liabilities that have terminated, associated with customer advances for construction from our disposed water properties.

During 2014, we sold assets that were unrelated to Frontier's operations and recognized a gain of $25 million associated with the sale of our interest in Fairmount Cellular LLC and recognized a gain of $12 million related to the sale of our 700 MHz spectrum.

(10) Capital Stock:

We are authorized to issue up to 1,750,000,000 shares of common stock and 50,000,000 shares of preferred stock. The amount and timing of dividends payable on common and preferred stock are, subject to applicable law, within the sole discretion of our Board of Directors.

Common Stock Offering

On June 10, 2015, we completed a registered offering of 150,000,000 shares of our common stock, par value $0.25 per share, at an offering price of $5 per share. On June 24, 2015, Frontier issued an additional 15,000,000 shares of common stock in connection with the over-allotment option that was exercised in full by the underwriters. Aggregate net proceeds were approximately $799 million after deducting commissions and estimated expenses.

We used the net proceeds from this offering to fund a portion of the acquisition price of the CTF Acquisition and related fees and expenses.

Mandatory Convertible Preferred Stock (Series A) Offering

On June 10, 2015, we also completed a registered offering of 17,500,000 shares of our 11.125% Mandatory Convertible Preferred Stock, Series A, par value $0.01 per share (the "Series A Preferred Stock"), at an offering price of $100 per share. On June 24, 2015, Frontier issued an additional 1,750,000 shares of Series A Preferred Stock in connection with the over-allotment option that was exercised in full by the underwriters. Aggregate net proceeds of the offering were $1,866 million after deducting commissions and estimated expenses. We used the net proceeds from this offering to fund a portion of the acquisition price of the CTF Acquisition and related fees and expenses.

Unless converted earlier, each share of the Series A Preferred Stock will automatically convert on June 29, 2018 into common stock, (between 17.0213 and 20.0000 shares) depending on the applicable market value of our common stock, subject to anti-dilution adjustments. Subject to certain restrictions, at any time prior to June 29, 2018, holders of the Series A Preferred Stock may elect to convert all or a portion of their shares into common stock at the minimum conversion rate then in effect.

Dividends on shares of the Series A Preferred Stock are payable on a cumulative basis when, as and if declared by our Board of Directors (or an authorized committee thereof) at an annual rate of 11.125% on the liquidation preference of $100.00 per share, on the last business day of March, June, September and December of each year, commencing on September 30, 2015 to, and including, the mandatory conversion date. Series A Preferred Stock dividends of $214 million and $120 million were paid in 2016 and 2015, respectively.

Pursuant to the terms of the CTF Acquisition, $1,955 million of the $2,665 million in net proceeds from the equity offerings were deposited into escrow and were included in "Restricted cash" in the consolidated balance sheet as of December 31, 2015. Upon closing of the CTF Acquisition, the funds were released and used to fund a portion of the purchase price.

(11) Stock Plans:

At December 31, 2016, we had six stock-based compensation plans under which grants were made and awards remained outstanding. No further awards may be granted under five 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 Non-Employee Directors' Deferred Fee Equity Plan (the Deferred Fee Plan), and the Non-Employee Directors' Equity Incentive Plan (the Directors' Equity Plan and together with the Deferred Fee Plan, the Director Plans). At December 31, 2016, there were 20,000,000 shares authorized for grant and 7,324,000 shares available for grant under the 2013 Equity Incentive Plan (the 2013 EIP and together with the 1996 EIP, the 2000 EIP and the 2009 EIP, the EIPs). Our general policy is to issue shares from treasury upon the grant of restricted shares and the exercise of options.

1996, 2000, 2009 and 2013 Equity Incentive Plans

Since the expiration dates of the 1996 EIP, the 2000 EIP and the 2009 EIP on May 22, 2006, May 14, 2009 and May 8, 2013, respectively, no awards have been or may be granted under the 1996 EIP, the 2000 EIP and the 2009 EIP. Under the 2013 EIP, awards of our common stock may be granted to eligible employees in the form of incentive stock options, non-qualified stock options, SARs, restricted stock, performance shares or other stock-based awards. As discussed under the Non-Employee Directors' Compensation Plans below, prior to May 25, 2006 non-employee directors received an award of stock options under the 2000 EIP upon commencement of service. No awards may be granted more than 10 years after the effective date (May 8, 2013) of the 2013 EIP plan. The exercise price of stock options and SARs under the EIPs generally are equal to or greater than the fair market value of the underlying common stock on the date of grant. Stock options are not ordinarily exercisable on the date of grant but vest over a period of time (generally four years). Under the terms of the EIPs, subsequent stock dividends and stock splits have the effect of increasing the option shares outstanding, which correspondingly decrease the average exercise price of outstanding options.

Performance Shares

On February 15, 2012, Frontier's Compensation Committee, in consultation with the other non-management directors of Frontier's Board of Directors and the Committee's independent executive compensation consultant, adopted the Frontier Long-Term Incentive Plan (the LTIP). LTIP awards are granted in the form of performance shares. The LTIP is currently offered under Frontier's 2009 EIP and 2013 EIP, and participants consist of senior vice presidents and above. The LTIP awards have performance, market and time-vesting conditions.

Beginning in 2012, during the first 90 days of a three-year performance period (a Measurement Period), a target number of performance shares are awarded to each LTIP participant with respect to the Measurement Period. The performance metrics under the LTIP are (1) annual targets for operating cash flow based on a goal set during the first 90 days of each year in the three-year Measurement Period and (2) an overall performance "modifier" set during the first 90 days of the Measurement Period, based on Frontier's total return to stockholders (i.e., Total Shareholder Return or TSR) relative to the Integrated Telecommunications Services Group (GICS Code 50101020) for the three-year Measurement Period. Operating cash flow performance is determined at the end of each year and the annual results will be averaged at the end of the three-year Measurement Period to determine the preliminary number of shares earned under the LTIP award. The TSR performance measure is then applied to decrease or increase payouts based on Frontier's three year relative TSR performance. LTIP awards, to the extent earned, will be paid out in the form of common stock shortly following the end of the three-year Measurement Period.

On February 17, 2014, the Compensation Committee granted approximately 1,028,000 performance shares under the LTIP and set the operating cash flow performance goal for 2014, which applies to the first year in the 2014-2016 Measurement Period, the second year of the 2013-2015 Measurement Period and the third year of the 2012-2014 Measurement Period. On February 25, 2015, the Compensation Committee granted approximately 665,000 performance shares under the LTIP and set the operating cash flow performance goal for 2015, which applies to the first year in the 2015-2017 measurement period, the second year of the 2014-2016 measurement period and the third year of the 2013-2015 measurement period. On February 11, 2016, the Compensation Committee granted approximately 1,669,000 performance shares under the LTIP and set the operating cash flow performance goal for 2016, which applies to the first year in the 2016-2018 measurement period, the second year of the 2015-2017 measurement period and the third year of the 2014-2016 measurement period. The number of shares of common stock earned at the end of each three-year Measurement Period may be more or less than the number of target performance shares granted as a result of operating cash flow and TSR performance. An executive must maintain a satisfactory performance rating during the Measurement Period and must be employed by Frontier at the end of the three-year Measurement Period in order for the award to vest. The Compensation Committee will determine the number of shares earned for each three year Measurement Period in February of the year following the end of the Measurement Period.

The following summary presents information regarding LTIP target performance shares as of December 31, 2016 and changes during the three years then ended with regard to LTIP shares awarded under the 2009 EIP and the 2013 EIP:

	Number of Shares *(in thousands)*
Balance at January 1, 2014	1,749
LTIP target performance shares granted	1,037
LTIP target performance shares forfeited	(104)
Balance at December 31, 2014	2,682
LTIP target performance shares granted	738
LTIP target performance shares earned	(743)
LTIP target performance shares forfeited	(152)
Balance at December 31, 2015	2,525
LTIP target performance shares granted	1,669
LTIP target performance shares earned	(887)
LTIP target performance shares forfeited	(448)
Balance at December 31, 2016	2,859

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. Frontier recognized an expense, included in "Selling, general, and administrative expenses" of $6 million, $7 million, and $4 million during 2016, 2015 and 2014, respectively, for the LTIP.

Restricted Stock

The following summary presents information regarding unvested restricted stock as of December 31, 2016 and changes during the three years then ended with regard to restricted stock under the 2009 EIP and the 2013 EIP:

	Number of Shares *(in thousands)*	Weighted Average Grant Date Fair Value (per share)	Aggregate Fair Value *(in millions)*
Balance at January 1, 2014	6,234	$ 4.80	$ 29
Restricted stock granted	4,314	$ 4.91	$ 29
Restricted stock vested	(2,372)	$ 5.22	$ 16
Restricted stock forfeited	(369)	$ 4.55	
Balance at December 31, 2014	7,807	$ 4.75	$ 52
Restricted stock granted	2,815	$ 7.92	$ 13
Restricted stock vested	(3,215)	$ 4.89	$ 15
Restricted stock forfeited	(359)	$ 5.10	
Balance at December 31, 2015	7,048	$ 5.93	$ 33
Restricted stock granted	5,936	$ 4.36	$ 20
Restricted stock vested	(3,720)	$ 5.26	$ 13
Restricted stock forfeited	(908)	$ 5.11	
Balance at December 31, 2016	8,356	$ 5.20	$ 28

For purposes of determining compensation expense, the fair value of each restricted stock grant is estimated based on the average of the high and low market price of a share of our common stock on the date of grant. Total remaining unrecognized compensation cost associated with unvested restricted stock awards that is deferred at December 31, 2016 was $26 million and the weighted average vesting period over which this cost is expected to be recognized is approximately 1.3 years.

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 $18 million, $20 million and $16 million, for the years ended December 31, 2016, 2015 and 2014, respectively, has been recorded in connection with these grants.

Stock Options

The number of options exercisable under the EIPs at December 31, 2016, 2015 and 2014 were 40,000, 50,000 and 83,000, with a weighted average exercise price of $8.81, $13.40, and $13.23, respectively. No stock options were granted or exercised during 2016, 2015 or 2014. There is no remaining unrecognized compensation cost associated with stock options at December 31, 2016.

Non-Employee Directors' Compensation Plans

As of October 1, 2013, stock units are credited to the director's account in an amount that is determined as follows: the total cash value of the fees payable to the director is divided by the closing price of Frontier common stock on the grant date of the units. Units are credited to the director's account quarterly. Directors must also elect to convert the units to either common stock (convertible on a one-to-one basis) or cash upon retirement or death.

Dividends are paid on stock units held by directors at the same rate and at the same time as we pay dividends on shares of our common stock. Dividends on stock units are paid in the form of additional stock units.

There were 10 directors participating in the Director Plans during all or part of 2016. The total plan units earned were 444,277, 334,188, and 237,607 in 2016, 2015 and 2014, respectively.

To the extent directors elect to receive the distribution of their stock unit account in cash, they are considered liability-based awards. To the extent directors elect to receive the distribution of their stock unit accounts in common stock, they are considered equity-based awards. Compensation expense for stock units that are considered equity-based awards is based on the market value of our common stock at the date of grant. Compensation expense for stock units that are considered liability-based awards is based on the market value of our common stock at the end of each period.

In connection with the Director Plans, there were no compensation costs associated with the issuance of stock units in 2016, ($1) million in 2015, and $4 million in 2014. Cash compensation associated with the Director Plans was $1 million in 2016, 2015 and 2014, respectively. These costs are recognized in "Selling, general and administrative expenses".

(12) 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 rates for the years ended December 31, 2016, 2015 and 2014:

	2016	2015	2014
Consolidated tax provision at federal statutory rate	35.0 %	35.0 %	35.0 %
State income tax provisions, net of federal income tax benefit	(0.1)	8.7	1.6
Tax reserve adjustment	0.6	(0.3)	6.9
Domestic production activities deduction	(1.9)	-	(8.7)
Changes in certain deferred tax balances	5.8	0.8	(14.1)
Federal research and development credit	1.0	1.5	(3.3)
Non-deductible transaction costs	-	0.4	1.0
All other, net	(0.2)	(0.3)	0.3
Effective tax rate	40.2 %	45.8 %	18.7 %

Income taxes for 2016 include the impact of $36 million of tax benefits resulting primarily from the adjustment of deferred tax balances due to the CTF Acquisition, the impact of $6 million in benefits from the Federal research and development credits, along with a $12 million reversal of benefits related to the domestic production activities deduction.

Income taxes for 2015 include the impact of a $3 million benefit arising from the adjustment of deferred tax balances and a $5 million benefit from the federal research and development credit.

Income taxes for 2014 include the impact of a $23 million benefit from the reduction in deferred tax liabilities arising primarily from the inclusion of the Connecticut operations in the state unitary filings, a $14 million benefit from the domestic production activities deduction and a $5 million benefit from federal research and development credits, partially offset by the impact of a charge of $11 million resulting from an increase in tax reserves and a charge of $2 million resulting from non-deductible transaction costs.

As a result of the retrospective implementation of Accounting Standards Update No. 2015-17, *Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes*, Frontier offset all deferred tax liabilities and assets, as well as any related valuation allowance, and is presenting them as a single non-current amount within Deferred income taxes in the consolidated balance sheet as of December 31, 2016 and 2015.

Amounts pertaining to income tax related accounts of $55 million and $50 million are included in “Income taxes and other current assets” in the consolidated balance sheets as of December 31, 2016 and 2015, respectively.

In 2016, we received federal and state income tax refunds totaling $120 million.

The components of the net deferred income tax liability (asset) at December 31 are as follows:

($ in millions)	2016	2015
Deferred income tax liabilities:		
Property, plant and equipment basis differences	$ 2,751	$ 2,401
Intangibles	878	960
Deferred revenue/expense	14	-
Other, net	12	15
	$ 3,655	$ 3,376
Deferred income tax assets:		
Pension liability	273	222
Tax operating loss carryforward	687	295
Employee benefits	255	262
Accrued expenses	44	50
Lease obligations	75	-
Tax credit	30	-
Allowance for doubtful accounts	44	10
Other, net	2	48
	1,410	887
Less: Valuation allowance	(271)	(177)
Net deferred income tax asset	1,139	710
Net deferred income tax liability	$ 2,516	$ 2,666

Our federal net operating loss carryforward as of December 31, 2016 is estimated at $1.0 billion. The federal loss carryforward will expire in 2036, unless otherwise used.

Our state tax operating loss carryforward as of December 31, 2016 is estimated at $6.7 billion. A portion of our state loss carryforward will continue to expire annually through 2036, unless otherwise used.

Our federal research and development credit and alternative minimum tax credit as of December 31, 2016 is estimated at $13 million and $4 million, respectively. The federal research and development credit will expire between 2034 and 2036, unless otherwise used.

Our various state credits as of December 31, 2016 are estimated at $19 million. The state credits will expire between 2018 and 2021, unless otherwise used.

As of December 31, 2016, Frontier has a valuation allowance of $271 million to reduce deferred tax assets to an amount more likely than not to be realized. This valuation allowance is related to state net operating losses and state tax credits. In evaluating Frontier's ability to realize its deferred tax assets, management considers whether it is more likely than not that some or all of the deferred tax assets will not be realized. Management also considered the projected reversal of deferred tax liabilities and projected future taxable income in making this assessment. Based upon this assessment, management believes it is more likely than not Frontier will realize the benefits of these deductible differences, net of valuation allowance. There was a valuation allowance of $177 million recorded as of December 31, 2015.

The provision (benefit) for federal and state income taxes, as well as the taxes charged or credited to equity of Frontier, includes amounts both payable currently and deferred for payment in future periods as indicated below:

($ in millions)	2016	2015	2014
Income tax expense (benefit):			
Current:			
Federal	$ (52)	$ 8	$ 98
State	7	(6)	10
Total Current	(45)	2	108
Deferred:			
Federal	(145)	(126)	(34)
State	(60)	(41)	(44)
Total Deferred	(205)	(167)	(78)
Total income tax expense (benefit)	(250)	(165)	30
Income taxes charged (credited) to equity of Frontier:			
Utilization of the benefits arising from restricted stock	(5)	-	-
Deferred income taxes (benefits) arising from the recognition of additional pension/OPEB liability	(21)	36	(90)
Total income taxes charged (credited) to equity of Frontier	(26)	36	(90)
Total income taxes	$ (276)	$ (129)	$ (60)

U.S. GAAP requires applying a “more likely than not” threshold to the recognition and derecognition of uncertain tax positions either taken or expected to be taken in Frontier’s income tax returns. The total amount of our gross tax liability for tax positions that may not be sustained under a “more likely than not” threshold amounts to $17 million as of December 31, 2016 including interest of $1 million. The amount of our uncertain tax positions, for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease during the next twelve months, and which would affect our effective tax rate, is $8 million as of December 31, 2016.

Frontier’s policy regarding the classification of interest and penalties is to include these amounts as a component of income tax expense. This treatment of interest and penalties is consistent with prior periods. We are subject

to income tax examinations generally for the years 2012 forward for federal and 2008 forward for state filing jurisdictions. We also maintain uncertain tax positions in various state jurisdictions.

The following table sets forth the changes in Frontier's balance of unrecognized tax benefits for the years ended December 31, 2016 and 2015:

($ in millions)	2016	2015
Unrecognized tax benefits - beginning of year	$ 19	$ 19
Gross increases - prior year tax positions	3	-
Gross increases - current year tax positions	3	2
Gross decreases - FIN 48 liability release	(9)	-
Gross decreases - expired statute of limitations	-	(2)
Unrecognized tax benefits - end of year	$ 16	$ 19

The amounts above exclude $1 million of accrued interest as of December 31, 2016 and 2015, respectively, that we have recorded and would be payable should Frontier's tax positions not be sustained.

(13) Net Income (Loss) Per Common Share:

The reconciliation of the net income (loss) per common share calculation for the years ended December 31, 2016, 2015 and 2014 is as follows:

($ in millions and shares in thousands, except per share amounts)	2016	2015	2014
Net income (loss) used for basic and diluted earnings (loss) per share:			
Net income (loss) attributable to Frontier common shareholders	$ (587)	$ (316)	$ 133
Less: Dividends paid on unvested restricted stock awards	(3)	(3)	(3)
Total basic and diluted net income (loss) attributable to Frontier common shareholders	$ (590)	$ (319)	$ 130
Basic earnings (loss) per share:			
Total weighted average shares and unvested restricted stock awards outstanding - basic	1,172,131	1,091,798	1,001,812
Less: Weighted average unvested restricted stock awards	(8,032)	(7,192)	(7,394)
Total weighted average shares outstanding - basic	1,164,099	1,084,606	994,418
Basic net income (loss) per share attributable to Frontier common shareholders	$ (0.51)	$ (0.29)	$ 0.13
Diluted earnings (loss) per share:			
Total weighted average shares outstanding - basic	1,164,099	1,084,606	994,418
Effect of dilutive shares	-	-	3,744
Total weighted average shares outstanding - diluted	1,164,099	1,084,606	998,162
Diluted net income (loss) per share attributable to Frontier common shareholders	$ (0.51)	$ (0.29)	$ 0.13

In calculating diluted net loss per common share for the years ended December 31, 2016 and 2015, the effect of all common stock equivalents is excluded from the computation as the effect would be antidilutive.

Stock Options

For the years ended December 31, 2016, 2015 and 2014, options to purchase 40,000, 50,000 and 83,000 shares, respectively, 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.

Stock Units

At December 31, 2016, 2015 and 2014, we had 1,881,460, 1,437,183 and 1,102,995 stock units, respectively, issued under the Director Plans and the 2013 EIP. These securities have not been included in the diluted income per share of common stock calculation because their inclusion would have an antidilutive effect.

Mandatory Convertible Preferred Stock

The impact of the common share equivalents associated with the 19,250,000 shares of Series A Preferred stock described above were not included in the calculation of diluted EPS as of December 31, 2016 and 2015, as their impact was antidilutive.

(14) Comprehensive Income (Loss):

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

The components of accumulated other comprehensive loss, net of tax at December 31, 2016, 2015 and 2014, and changes for the years then ended, are as follows:

($ in millions)	Pension Costs	OPEB Costs	Deferred taxes on pension and OPEB costs	Total
Balance at January 1, 2014	$ (412)	$ (5)	$ 156	$ (261)
Other comprehensive income (loss) before reclassifications	(140)	(113)	98	(155)
Amounts reclassified from accumulated other comprehensive income (loss)	20	(1)	(7)	12
Net current-period other comprehensive income (loss)	(120)	(114)	91	(143)
Balance at December 31, 2014	(532)	(119)	247	(404)
Other comprehensive income (loss) before reclassifications	(81)	136	(24)	31
Amounts reclassified from accumulated other comprehensive income (loss)	29	3	(12)	20
Net current-period other comprehensive income (loss)	(52)	139	(36)	51
Balance at December 31, 2015	(584)	20	211	(353)
Other comprehensive income (loss) before reclassifications	(103)	17	32	(54)
Amounts reclassified from accumulated other comprehensive income (loss)	40	(8)	(12)	20
Net current-period other comprehensive income (loss)	(63)	9	20	(34)
Balance at December 31, 2016	$ (647)	$ 29	$ 231	$ (387)

As a result of the CTF Acquisition, the Frontier Communications Pension Plan (the Plan) was remeasured. This remeasurement resulted in a decrease in the discount rate from 4.50% at December 31, 2015 to 4.00% at the date of the CTF Acquisition. This change in the discount rate resulted in a remeasurement charge to Other comprehensive income (loss) of $105 million during 2016.

The significant items reclassified from each component of accumulated other comprehensive loss for the years ended December 31, 2016, 2015 and 2014 are as follows:

($ in millions)	Amount Reclassified from Accumulated Other Comprehensive Loss [a]			
Details about Accumulated Other Comprehensive Loss Components	2016	2015	2014	Affected Line Item in the Statement Where Net Income (Loss) is Presented
Amortization of Pension Cost Items [b]				
Actuarial gains (losses)	$ (40)	$ (29)	$ (20)	
	(40)	(29)	(20)	Income (loss) before income taxes
Tax impact	15	11	7	Income tax (expense) benefit
	$ (25)	$ (18)	$ (13)	Net income (loss)
Amortization of OPEB Cost Items [b]				
Prior-service costs	$ 9	$ 5	$ 4	
Actuarial gains (losses)	(1)	(8)	(3)	
	8	(3)	1	Income (loss) before income taxes
Tax impact	(3)	1	-	Income tax (expense) benefit
	$ 5	$ (2)	$ 1	Net income (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).

(15) Segment Information:

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

We have utilized the aggregation criteria to combine our seven regional operating segments because all of these regional operations share similar characteristics, in that they provide the same products and services to similar customers using comparable technologies in all of the states in which we operate. The regulatory structure is generally similar.

(16) Quarterly Financial Data (Unaudited):

($ in millions, except per share amounts)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year
2016					
Revenue	$ 1,355	$ 2,608	$ 2,524	$ 2,409	$ 8,896
Operating income	58	311	264	255	888
Net loss attributable to Frontier common shareholders	(240)	(80)	(134)	(133)	(587)
Basic net loss per share attributable to Frontier common shareholders	$ (0.21)	$ (0.07)	$ (0.12)	$ (0.12)	$ (0.51)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year
2015					
Revenue	$ 1,371	$ 1,368	$ 1,424	$ 1,413	$ 5,576
Operating income	163	193	207	182	745
Net loss attributable to Frontier common shareholders	(51)	(28)	(81)	(156)	(316)
Basic net loss per share attributable to Frontier common shareholders	$ (0.05)	$ (0.03)	$ (0.07)	$ (0.14)	$ (0.29)

The quarterly net income (loss) per share amounts are rounded to the nearest cent. Annual net income (loss) per share may vary depending on the effect of such rounding. The change in revenue, operating income, net

income (loss) and net income (loss) per share during the second quarter of 2016 and each subsequent quarter of 2016 reflects the additional results of the CTF operations related to the CTF Acquisition, as described further in Note 3.

We recognized $11 million ($7 million or $0.01 per share after tax) and $80 million ($52 million or $0.04 per share after tax) of restructuring costs and other charges during the third and fourth quarters of 2016, respectively.

We recognized $1 million of restructuring costs and other charges during each of the third and fourth quarters of 2015.

We recognized $138 million ($85 million or $0.07 per share after tax), $127 million ($76 million or $0.07 per share after tax), $122 million ($74 million or $0.06 per share after tax) and $49 million ($48 million or $0.04 per share after tax) of acquisition and integration costs during the first, second, third and fourth quarters of 2016, respectively.

We recognized $57 million ($35 million or $0.04 per share after tax), $35 million ($23 million or $0.02 per share after tax), $58 million ($27 million or $0.02 per share after tax) and $86 million ($47 million or $0.04 per share after tax) of acquisition and integration costs during the first, second, third and fourth quarters of 2015, respectively.

(17) Retirement Plans:

We sponsor a noncontributory defined benefit pension plan covering a significant number of our former and current employees and other postretirement benefit plans that provide medical, dental, life insurance and other benefits for covered retired employees and their beneficiaries and covered dependents. The pension plan and postretirement benefit plans are closed to the majority of our newly hired employees. The benefits are based on years of service and final average pay or career average pay. Contributions are made in amounts sufficient to meet ERISA funding requirements while considering tax deductibility. Plan assets are invested in a diversified portfolio of equity and fixed-income securities and alternative investments.

The accounting results for pension and other postretirement benefit costs and obligations are dependent upon various actuarial assumptions applied in the determination of such amounts. These actuarial assumptions include the following: discount rates, expected long-term rate of return on plan assets, future compensation increases, employee turnover, healthcare cost trend rates, expected retirement age, optional form of benefit and mortality. We review these assumptions for changes annually with our independent actuaries. We consider our discount rate and expected long-term rate of return on plan assets to be our most critical assumptions.

The discount rate is used to value, on a present value basis, our pension and other postretirement benefit obligations as of the balance sheet date. The same rate is also used in the interest cost component of the pension and postretirement benefit cost determination for the following year. The measurement date used in the selection of our discount rate is the balance sheet date. Our discount rate assumption is determined annually with assistance from our independent actuaries based on the pattern of expected future benefit payments and the prevailing rates available on long-term, high quality corporate bonds that approximate the benefit obligation.

As of December 31, 2016, 2015 and 2014, we utilized an estimation technique that is based upon a settlement model (Bond:Link) that permits us to closely match cash flows to the expected payments to participants. This rate can change from year-to-year based on market conditions that affect corporate bond yields.

As a result of the technique described above, Frontier is utilizing a discount rate of 4.10% as of December 31, 2016 for its qualified pension plan, compared to rates of 4.50% and 4.10% in 2015 and 2014, respectively. The discount rate for postretirement plans as of December 31, 2016 was a range of 4.10% to 4.30% compared to a range of 4.50% to 4.70% in 2015 and 4.10% to 4.20% in 2014.

As a result of the CTF Acquisition, the Frontier Communications Pension Plan (the Plan) was remeasured. This remeasurement resulted in a decrease in the discount rate from 4.50% at December 31, 2015 to 4.00% at the date of the CTF Acquisition. This change in the discount rate resulted in a remeasurement charge to other comprehensive income (loss) of $105 million during 2016.

The expected long-term rate of return on plan assets is applied in the determination of periodic pension and postretirement benefit cost as a reduction in the computation of the expense. In developing the expected long-term rate of return assumption, we considered published surveys of expected market returns, 10 and 20 year actual returns of various major indices, and our own historical 5 year, 10 year and 20 year investment returns. The expected long-term rate of return on plan assets is based on an asset allocation assumption of 40% in long-duration fixed income securities, and 60% in equity securities and other investments. We review our asset allocation at least annually and make changes when considered appropriate. Our pension asset investment allocation decisions are made by the Retirement Investment & Administration Committee (RIAC), a committee comprised of members of management, pursuant to a delegation of authority by the Retirement Plan Committee of the Board of Directors. The RIAC is responsible for reporting its actions to the Retirement Plan Committee. Asset allocation decisions take into account expected market return assumptions of various asset classes as well as expected pension benefit payment streams. When analyzing anticipated benefit payments, management considers both the absolute amount of the payments as well as the timing of such payments. In 2016, 2015 and 2014, our expected long-term rate of return on plan assets was 7.50%, 7.75%, and 7.75%, respectively. For 2017, we will assume a rate of return of 7.50%. Our pension plan assets are valued at fair value as of the measurement date. The measurement date used to determine pension and other postretirement benefit measures for the pension plan and the postretirement benefit plan is December 31.

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Pension Benefits

The following tables set forth the pension plan's projected benefit obligations, fair values of plan assets and the pension benefit liability recognized on our consolidated balance sheets as of December 31, 2016 and 2015 and the components of total pension benefit cost for the years ended December 31, 2016, 2015 and 2014:

($ in millions)	2016	2015
Change in projected benefit obligation (PBO)		
PBO at beginning of year	$ 2,142	$ 2,210
Service cost	88	55
Interest cost	122	88
Actuarial (gain)/loss	137	(88)
Benefits paid	(155)	(128)
Connecticut Acquisition transfer	-	5
CTF Acquisition PBO	1,108	-
Special termination benefits	23	-
PBO at end of year	$ 3,465	$ 2,142
Change in plan assets		
Fair value of plan assets at beginning of year	$ 1,572	$ 1,673
Fair value of plan assets for the CTF operations as of acquisition date	1,120	-
Fair value of plan assets for the Connecticut Operations as of acquisition date	-	5
Actual return on plan assets	201	(40)
Employer contributions	28	62
Benefits paid	(155)	(128)
Fair value of plan assets at end of year	$ 2,766	$ 1,572
Funded status	$ (699)	$ (570)
Amounts recognized in the consolidated balance sheet		
Pension and other postretirement benefits - current	$ -	$ (9)
Pension and other postretirement benefits - noncurrent	$ (699)	$ (561)
Accumulated other comprehensive loss	$ 647	$ 584

In connection with the completion of the CTF Acquisition, certain employees were transferred to the Frontier Communications Pension Plan (the Plan) effective April 1, 2016. Assets of $1,108 million related to the CTF Acquisition were transferred from Verizon and the Verizon pension plan trusts during 2016.

($ in millions)	2016	2015	2014
Components of total pension benefit cost			
Service cost	$ 88	$ 55	$ 42
Interest cost on projected benefit obligation	122	88	80
Expected return on plan assets	(168)	(129)	(99)
Amortization of unrecognized loss	40	29	20
Net periodic pension benefit cost	82	43	43
Special termination benefits	23	-	-
Total pension benefit cost	$ 105	$ 43	$ 43

The expected amortization of unrecognized loss in 2017 is $35 million.

We capitalized $25 million, $20 million and $15 million of pension and OPEB expense into the cost of our capital expenditures during the years ended December 31, 2016, 2015 and 2014, respectively, as the costs relate to our engineering and plant construction activities.

The plan's weighted average asset allocations at December 31, 2016 and 2015 by asset category are as follows:

	2016	2015
Asset category:		
Equity securities	50 %	47 %
Debt securities	38 %	46 %
Alternative investments	11 %	6 %
Cash and other	1 %	1 %
Total	100 %	100 %

The plan's expected benefit payments over the next 10 years are as follows:

($ in millions)	Amount
2017	$ 375
2018	308
2019	293
2020	281
2021	271
2022-2026	1,224
Total	$ 2,752

We made total contributions to our pension plan of $28 million during 2016 consisting of cash payments of $13 million and the contribution of real property with a fair value of $15 million, as described below.

See Note 7 for further discussion of a Frontier contribution of real estate property in 2016 with an aggregate fair value of $15 million for the purpose of funding a portion of its contribution obligations to the Plan.

We made total cash contributions to our pension plan during 2015 and 2014 of $62 million and $83 million, respectively.

The accumulated benefit obligation for the plan was $3,363 million and $2,048 million at December 31, 2016 and 2015, respectively.

Assumptions used in the computation of annual pension costs and valuation of the year-end obligations were as follows:

	2016	2015	2014
Discount rate - used at year end to value obligation	4.10 %	4.50 %	4.10 %
Discount rate - used to compute annual cost	4.50 %	4.10 %	4.90 %
Expected long-term rate of return on plan assets	7.50 %	7.75 %	7.75 %
Rate of increase in compensation levels	2.50 %	2.50 %	2.50 %

Postretirement Benefits Other Than Pensions—"OPEB"

The following tables set forth the OPEB plans' benefit obligations, fair values of plan assets and the postretirement benefit liability recognized on our consolidated balance sheets as of December 31, 2016 and 2015 and the components of total postretirement benefit cost for the years ended December 31, 2016, 2015 and 2014.

($ in millions)	2016	2015
Change in benefit obligation		
Benefit obligation at beginning of year	$ 626	$ 727
CTF Acquisition PBO	276	-
Service cost	19	19
Interest cost	37	30
Plan participants' contributions	5	5
Actuarial (gain)/loss	(18)	(115)
Benefits paid	(23)	(25)
Connecticut Acquisition transfer	-	5
Plan change	-	(20)
Special termination benefits	3	-
Benefit obligation at end of year	$ 925	$ 626
Change in plan assets		
Fair value of plan assets at beginning of year	$ -	$ -
Plan participants' contributions	5	5
Employer contribution	18	20
Benefits paid	(23)	(25)
Fair value of plan assets at end of year	$ -	$ -
Funded status	$ (925)	$ (626)
Amounts recognized in the consolidated balance sheet		
Pension and other postretirement benefits - current	$ (23)	$ (24)
Pension and other postretirement benefits - noncurrent	$ (902)	$ (602)
Accumulated other comprehensive (gain) loss	$ (29)	$ (20)

($ in millions)	2016	2015	2014
Components of total postretirement benefit cost			
Service cost	$ 19	$ 19	$ 11
Interest cost on projected benefit obligation	37	30	22
Amortization of prior service cost /(credit)	(9)	(5)	(4)
Amortization of unrecognized loss	1	8	3
Net periodic postretirement benefit cost	48	52	32
Special termination benefits	3	-	-
Total postretirement benefit cost	$ 51	$ 52	$ 32

The expected amortization of prior service credit in 2017 is $9 million and the expected amortization of unrecognized loss in 2017 is $0.

Assumptions used in the computation of annual OPEB costs and valuation of the year-end OPEB obligations were as follows:

	2016	2015	2014
Discount rate - used at year end to value obligation	4.10% - 4.30%	4.50% - 4.70%	4.10% - 4.20%
Discount rate - used to compute annual cost	4.50% - 4.70%	4.10% - 4.20%	4.90% - 5.20%

The OPEB plan's expected benefit payments over the next 10 years are as follows:

($ in millions)	Gross Benefit	Medicare Part D Subsidy	Total
2017	$ 24	$ -	$ 24
2018	30	-	30
2019	38	-	38
2020	44	-	44
2021	49	-	49
2022-2026	298	1	299
Total	$ 483	$ 1	$ 484

For purposes of measuring year-end benefit obligations, we used, depending on medical plan coverage for different retiree groups, a 7.00% annual rate of increase in the per-capita cost of covered medical benefits, gradually decreasing to 5.00% in the year 2024 and remaining at that level thereafter. The effect of a 1% increase in the assumed medical cost trend rates for each future year on the aggregate of the service and interest cost components of the total postretirement benefit cost would be $1 million and the effect on the accumulated postretirement benefit obligation for health benefits would be $20 million. The effect of a 1% decrease in the assumed medical cost trend rates for each future year on the aggregate of the service and interest cost components of the total postretirement benefit cost would be $(1) million and the effect on the accumulated postretirement benefit obligation for health benefits would be $(19) million.

The amounts in accumulated other comprehensive (gain) loss that have not yet been recognized as components of net periodic benefit cost at December 31, 2016 and 2015 are as follows:

	Pension Plan		OPEB	
($ in millions)	2016	2015	2016	2015
Net actuarial loss	$ 647	$ 584	$ 1	$ 20
Prior service cost/(credit)	-	-	(30)	(40)
Total	$ 647	$ 584	$ (29)	$ (20)

The amounts recognized as a component of accumulated other comprehensive loss for the years ended December 31, 2016 and 2015 are as follows:

	Pension Plan		OPEB	
($ in millions)	2016	2015	2016	2015
Accumulated other comprehensive (gain) loss at beginning of year	$ 584	$ 532	$ (20)	$ 119
Net actuarial gain (loss) recognized during year	(40)	(29)	(1)	(8)
Prior service (cost) credit recognized during year	-	-	9	5
Net actuarial loss (gain) occurring during year	103	81	(17)	(136)
Net amount recognized in comprehensive income (loss) for the year	63	52	(9)	(139)
Accumulated other comprehensive (gain) loss at end of year	$ 647	$ 584	$ (29)	$ (20)

401(k) Savings Plans

We sponsor employee retirement savings plans under section 401(k) of the Internal Revenue Code. The plans cover substantially all full-time employees. Under certain plans, we provide matching contributions. Employer contributions were $48 million, $28 million and $21 million for 2016, 2015 and 2014, respectively.

(18) Fair Value of Financial Instruments:

Fair value is defined under GAAP as the exit price associated with the sale of an asset or transfer of a liability in an orderly transaction between market participants at the measurement date. Valuation techniques used to measure fair value under GAAP must maximize the use of observable inputs and minimize the use of unobservable inputs. In addition, GAAP establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value.

The three input levels in the hierarchy of fair value measurements are defined by the FASB generally as follows:

Input Level	Description of Input
Level 1	Observable inputs such as quoted prices in active markets for identical assets.
Level 2	Inputs other than quoted prices in active markets that are either directly or indirectly observable.
Level 3	Unobservable inputs in which little or no market data exists.

The following tables represent Frontier's pension plan assets measured at fair value on a recurring basis as of December 31, 2016 and 2015:

	Fair Value Measurements at December 31, 2016			
($ in millions)	Total	Level 1	Level 2	Level 3
Cash and Cash Equivalents	$ 42	$ 42	$ -	$ -
U.S. Government Obligations	29	-	29	-
Corporate and Other Obligations	400	-	400	-
Common Stock	487	487	-	-
Common/Collective Trusts	1,104	-	1,104	-
Interest in Registered Investment Companies	334	334	-	-
Interest in Limited Partnerships and Limited Liability Companies	118	-	-	118
Total investments at fair value	$ 2,514	$ 863	$ 1,533	$ 118
Receviable for plan assets of the CTF Operations	258			
Interest and Dividend Receivable	6			
Due from Broker for Securities Sold	27			
Receivable Associated with Insurance Contract	7			
Due to Broker for Securities Purchased	(46)			
Total Plan Assets, at Fair Value	$ 2,766			

($ in millions)	Fair Value Measurements at December 31, 2015			
	Total	Level 1	Level 2	Level 3
Cash and Cash Equivalents	$ 23	$ 23	$ -	$ -
U.S. Government Obligations	32	-	32	-
Corporate and Other Obligations	315	-	315	-
Common Stock	178	178	-	-
Common/Collective Trusts	894	-	894	-
Interest in Registered Investment Companies	49	49	-	-
Interest in Limited Partnerships and Limited Liability Companies	92	-	-	92
Total investments at fair value	$ 1,583	$ 250	$ 1,241	$ 92
Interest and Dividend Receivable	4			
Due from Broker for Securities Sold	21			
Receivable Associated with Insurance Contract	7			
Due to Broker for Securities Purchased	(43)			
Total Plan Assets, at Fair Value	$ 1,572			

There have been no reclassifications of investments between Levels 1, 2 or 3 assets during the years ended December 31, 2016 or 2015.

The tables below set forth a summary of changes in the fair value of the Plan's Level 3 assets for the years ended December 31, 2016 and 2015:

	Interest in Limited Partnerships and Limited Liability Companies	
($ in millions)	2016	2015
Balance, beginning of year	$ 92	$ 103
Realized gains	7	8
Unrealized losses	13	(11)
Purchases	15	-
Sales and distributions	(9)	(8)
Balance, end of year	$ 118	$ 92

The following table provides further information regarding the redemption of the Plan's Level 3 investments as of December 31, 2016:

($ in millions)	Fair Value	Redemption Frequency	Redemption Notice Period	Liquidation Period
Interest in Limited Partnerships and Limited Liability Companies				
MS IFHF SVP LP Cayman [(a)]	$ 1	Through liquidation of underlying investments	None	4 years
MS IFHF SVP LP Alpha [(a)]	1	Through liquidation of underlying investments	None	4 years
RII World Timberfund, LLC [(b)]	6	Through liquidation of underlying investments	None	10 years
426 E Casino Road, LLC [(c)]	15	Through liquidation of underlying investments	None	NA
100 Comm Drive, LLC [(c)]	9	Through liquidation of underlying investments	None	NA
100 CTE Drive, LLC [(c)]	13	Through liquidation of underlying investments	None	NA
6430 Oakbrook Parkway, LLC [(c)]	25	Through liquidation of underlying investments	None	NA
8001 West Jefferson, LLC [(c)]	26	Through liquidation of underlying investments	None	NA
1500 MacCorkle Ave SE, LLC [(c)]	14	Through liquidation of underlying investments	None	NA
400 S. Pike Road West, LLC [(c)]	1	Through liquidation of underlying investments	None	NA
601 N US 131, LLC [(c)]	1	Through liquidation of underlying investments	None	NA
9260 E. Stockton Blvd., LLC [(c)]	6	Through liquidation of underlying investments	None	NA
Total Interest in Limited Partnerships and Limited Liability Companies	$ 118			

(a) The partnerships' investment objective is to seek capital appreciation principally through investing in investment funds managed by third party investment managers who employ a variety of alternative investment strategies. These instruments are subject to certain withdrawal restrictions. The Plan is in the process of liquidating its interest in the partnerships and distributions are expected to be made over the next four years.

(b) The fund's objective is to realize substantial long-term capital appreciation by investing in timberland properties primarily in South America and Australia. This investment is subject to certain withdrawal restrictions.

(c) The entity invests in commercial real estate properties that are leased to Frontier. The leases are triple net, whereby Frontier is responsible for all expenses, including but not limited to, insurance, repairs and maintenance and payment of property taxes.

The following table represents the Plan's Level 3 financial instruments for its interest in certain limited partnerships and limited liability companies, which all use the direct capitalization valuation technique to measure the fair value of those financial instruments as of December 31, 2016, and the significant unobservable inputs and ranges of values for those inputs:

Instrument	Property	Fair Value	Capitalization Rate
Interest in Limited Partnerships and Limited Companies	426 E. Casino Road, LLC	$ 15	7.00%
	100 Comm Drive, LLC	$ 9	7.75%
	100 CTE Drive, LLC	$ 13	9.00%
	6430 Oakbrook Parkway, LLC	$ 25	7.75%
	8001 West Jefferson, LLC	$ 26	8.50%
	1500 MacCorkle Ave SE, LLC	$ 14	8.25%
	400 S. Pike Road West, LLC	$ 1	8.50%
	601 N US 131, LLC	$ 1	9.50%
	9260 E. Stockton Blvd., LLC	$ 6	7.50%

The following table summarizes the carrying amounts and estimated fair values for long-term debt at December 31, 2016 and 2015. For the other financial instruments including cash, accounts receivable, restricted cash, long-term debt due within one year, accounts payable and other current liabilities, the carrying amounts approximate fair value due to the relatively short maturities of those instruments.

	2016		2015	
($ in millions)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt	$ 17,560	$ 17,539	$ 15,508	$ 14,767

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

(19) 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 $49 million in annual support related to the properties acquired in the CTF Acquisition, 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.

On April 28, 2016, the FCC completed its inquiry into whether certain terms and conditions contained in specifically identified special access tariff pricing plans offered by four carriers, including Frontier, are just and reasonable. The FCC held that certain of the tariff terms for business data TDM services, specifically DS1s and DS3s, were unreasonable. Specifically, the FCC struck down "excessive" early termination fees and "all-or-nothing" provisions. Frontier has revised its tariffs in accordance with the FCC's Order. The FCC's decision has no retroactive effect, and we anticipate no material impact to Frontier from it.

The FCC deferred the issue of how its ruling will affect customers currently purchasing services from these tariffs to a Notice of Proposed Rulemaking. It is seeking comment on proposed changes to the way the FCC regulates traditional special access services and on a proposal to adopt pricing rules for Ethernet services in markets that are found to be "noncompetitive." The potential impact to Frontier of this proceeding is unknown, though any pending initiative could adversely affect our operations or financial results.

We are party to various legal proceedings (including individual, class and putative class actions) 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.

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. While penalties relating to the alleged violations could exceed $100,000, we do not expect that any penalties ultimately incurred will be material.

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.

We conduct certain of our operations in leased premises and also lease certain equipment and other assets pursuant to operating leases. The lease arrangements have terms ranging from 1 to 99 years and several contain rent escalation clauses providing for increases in monthly rent at specific intervals. When rent escalation clauses exist, we record annual rental expense based on the total expected rent payments on a straight-line basis over the lease term. Certain leases also have renewal options. Renewal options that are reasonably assured are included in determining the lease term.

Future minimum rental commitments for all long-term noncancelable operating leases as of December 31, 2016 are as follows:

($ in millions)	Operating Leases
Year ending December 31:	
2017	$ 91
2018	18
2019	18
2020	23
2021	21
Thereafter	76
Total minimum lease payments	$ 247

Total rental expense included in our consolidated statements of operations for the years ended December 31, 2016, 2015 and 2014 was $137 million, $119 million and $100 million, respectively.

We are party to contracts with several unrelated long distance carriers. The contracts provide fees based on traffic they carry for us subject to minimum monthly fees.

At December 31, 2016, the estimated future payments for obligations under our noncancelable long distance contracts and service agreements are as follows:

($ in millions)	Amount
Year ending December 31:	
2017	$ 42
2018	41
2019	7
2020	6
2021	2
Thereafter	10
Total	$ 108

At December 31, 2016, we have outstanding performance letters of credit as follows:

($ in millions)	Amount
CNA Financial Corporation (CNA)	$ 49
AIG Insurance	75
All other	1
Total	$ 125

CNA serves as our agent with respect to general liability claims (auto, workers compensation and other insured perils of Frontier). As our agent, they administer all claims and make payments for claims on our behalf. We reimburse CNA for such services upon presentation of their invoice. To serve as our agent and make payments on our behalf, CNA requires that we establish a letter of credit in their favor. CNA could potentially draw against this letter of credit if we failed to reimburse CNA in accordance with the terms of our agreement. The amount of the letter of credit is reviewed annually and adjusted based on claims history.

None of the above letters of credit restrict our cash balances.

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